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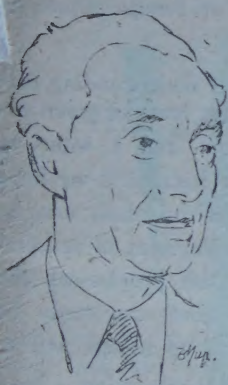
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## ROLE OF THE NON-BLOC COUNTRIES

Dr. Aleš BEBLER

State Under-secretary for Foreign Affairs

ONE OF the characteristics of the present international situation is the existence of a group of countries which do not belong to any of the existing military blocs. Yugoslavia, India, Egypt, Sweden and a number of other countries which make up this group, take no part in the bloc division of the world, and stand aloof from the cold war, or whatever name is given to the competition and rivalry between the two blocs and their chief protagonists.

This non-alignment does not implicate an identical foreign policy of the non-bloc countries. Each of them takes a different attitude on a number of questions, keeping with its geographical position, its special interests, concepts, traditional ties etc. But what they have in common links them together, and makes them a special factor on the international scale — a factor whose very existence operates in a definite direction.

This direction is appeasement between the existing blocs, elimination of their sharp rivalry and — as a future prospect — a world relieved of bloc divisions.

This basic orientation was very clearly formulated by President Tito and Premier Nehru when they declared in their joint statement towards the end of 1954: "The President of the Republic and the Prime Minister wish to announce that the policy of non inclusion in blocs which their Governments have adopted and are pursuing, is not "neutrality", that is passivity, as it is sometimes alleged, but an active, positive and constructive policy, which aspires to collective peace, on which collective security alone can rest".

In other words, non-assignment with blocs is not an end in itself, but an expression of the policy of peace. It serves a high purpose — the strengthening and stabilization of peace in the world.

At the last session of the General Assembly of UNO the role of non-bloc countries was shown by the fact that on the question of coexistence a joint resolution was submitted by India, Sweden and Yugoslavia, and that the Assembly unanimously adopted this resolution. Thus the role of these countries was manifested with symbolic clarity.

The fact that a considerable number of countries are standing apart (and can afford to do so) in the bloc division of the world is encouraging in itself. Not one of them is a great power. The strength of these countries is not in their economic and military potential, but in their policy, which responds to the feelings and wishes of their peoples, as well as to the aspirations for appeasement and lasting peace in all countries.

The policy of non-participation in blocs is attacked on various sides for understandable reasons. It is often maliciously inter-

preted as a policy of oscillation between blocs, as a skilful exploitation of the relative balance between them and so on.

On the other hand some critics of Yugoslav foreign policy have considered it opportune to change their tone. They have taken to analysing this policy in order to establish whether it is sufficiently consistent in the sense of keeping at an equal „distance“ from each bloc. In this connection they have even invented a special term — „equidistance“. Individual Yugoslav foreign policy moves have been appraised from this standpoint, and Yugoslavia warned on various occasions that it is „necessary“ to respect this invented principle.

Politics is not geometry. Politics is an effort to achieve certain objectives, close at hand or more remote. The principal aim of non-bloc policy is international non-bloc cooperation. Efforts in this direction may lead to an attitude which sometimes draws closer to, or even coincides with that of one or another country included or not included in any of the blocs, i. e., dependent on the essence of the question involved.

Let us take an example: both India and Yugoslavia took a resolute stand in favour of the unconditional banning of atomic and thermo-nuclear weapon tests. This attitude coincided with the attitude of the Soviet Government. Were India and Yugoslavia expected, in the name of „equidistance“, to „distance“ themselves from an attitude which answered the wish of their own peoples and that expressed by numerous public workers in all countries — a wish which reflects the aspirations of all nations — namely, that the process of disarmament should begin in some way or another?

There have been occasions in the past when the attitude of non-bloc countries was more to the liking of some than by others. Nor will such examples be wanting in the future. But such attitudes will have their value regardless of sympathies or antipathies. They will draw their significance from their principled nature.

The situation existent toward the end of 1957 affords the non-bloc forces new opportunities, and accordingly imposes new obligations upon them. The impasse in which the armament race finds itself has led to a more favourable orientation. The year 1958 may prove to be a year of important negotiations and conferences between „East“ and „West“. In such a situation it might be possible and even necessary for countries which are outside blocs to help in finding solutions for a series of outstanding problems and disputed questions on the international plane.

The countries which are included in blocs, particularly the great powers, should show the wisdom and sincerity of their endeavours by seeking a way out of the present impasse, and also by their readiness to value the contribution made to these efforts by the non-bloc countries.

## NEW YEAR'S POLL

# FOR BETTER UNDERSTANDING BETWEEN EAST AND WEST

H. C. HANSEN

Prime Minister and Minister for Foreign Affairs of Denmark

*On the occasion of the New Year, the Editors of the „Review of International Affairs“ have approached the Foreign Ministers of a number of countries with the request to answer the following question:*

*„As always on this day, we are striking a balance for the year elapsed. The year unquestioningly will remain one noted both for epoch-making scientific achievements and other signal events on the political plane. Do you consider that the past year has brought us closer to consolidations of peace and international-cooperation and which methods and phenomena in political life have acted in a positive direction and which in a negative one? What do you expect of the year ahead? What, in your opinion, should be done to raise the degree of confidence in the relations between states, to have the methods prevail which pave the way to agreements and bring views together, and gradually proceed to settlement of outstanding world problems?*

*The Editors have received answers from the Premier and Minister of Foreign Affairs of Denmark H. C. Hansen, the Premier and Minister of Foreign Affairs of Ethiopia B. G. A. Abte-Wold, and the Minister of Foreign Affairs of Czechoslovakia Vaclav David.*

**R**EPLYING to the questions asked may lead to greater understanding between East and West must be given careful consideration, and I want to reiterate that view here. It is my hope that a new and fruitful phase may be opened in the development of peaceful relations among the peoples of the world. But that goal can only be reached if there is an honest will to strive for peace and relaxation. I hope that solutions to these urgent problems may be found within the framework of the United Nations, but if that should prove to be impracticable, any other possibility must be carefully examined.

In international politics interest was focussed on the disarmament talks, but we have to record with regret that neither the Disarmament Committee in London nor the General Assembly of the United Nations succeeded in arriving at a positive result. I feel convinced, more than ever, that the disarmaments question is a crucial issue among nations. One of the fundamental evils of the world to-day is the lack of confidence; if only the beginnings of such mutual confidence could be created in this important field, a major obstacle to greater understanding among the peoples would have been eliminated.

At the NATO meeting held in Paris in December, I had an opportunity to stress my view that any offer that

On behalf of the people of Denmark and myself, I take this opportunity to express the very best wishes for Yugoslavia in the coming year and my sincere hopes that the Yugoslav people as well as the Danish people may see the endeavours for peace and for the prosperity of the peoples be crowned with success. For my own part, I hope that the new year may bring me the fulfilment of an old desire to see beautiful Yugoslavia and to meet her people.

## THE METHOD OF PEACELOVING NEGOTIATIONS

B. G. A. ABTE-WOLD

Premier and Minister of Foreign Affairs of Ethiopia

THE Scientific achievements of the past year have clearly demonstrated the vital need for the consolidation of peace and international co-operation.

Because of the lack of confidence in international relations the achievements of Science are being directed towards the destructive purposes of armaments' race, rather than being used for the further progress and welfare of mankind. The urgent problem for the world today must therefore be to find a way of equalizing its achievements in international relations with those achievements that have been made in the field of Science.

In an age when destructive means of warfare have been refined to such

a dangerous point, the method of peaceful negotiation is the only safe way by which international differences can be settled.

It is for this reason that Ethiopia does as always attach so much importance to the effectiveness of the United Nations organization, because this international body must represent the Wisdom and Conscience of mankind. The role that the United Nations has played in the crisis that the world had to face in the past years, gives us confidence to hope that in the coming years other international problems shall likewise be solved within this international body and in the spirit of its historic Charter.

## THE TWO LINES IN FOREIGN POLICY

Vaclav DAVID

Minister of Foreign Affairs of Czechoslovakia

IN ASSESSING the development of international relations last year, we are bound to find that two basic lines had been manifest in 1957, too, in approaching the solution of the most important problems of the contemporary world.

On the one hand, there was the line of peaceful co-existence springing from the vital interests of peoples which is reflected in the consistently peace-loving policy of Socialist countries, as well as in that of a whole series of other countries which had gained independence and cast off the colonial yoke only recently. This line, the most consistent representative of which is the Soviet Union as the leading power of the Socialist camp, is indissolubly bound with the consolidation and protection of own independence and sovereignty from the designs of imperialist powers, with the promotion of own economy and the prosperity of the people in conditions of peace. It is characterized by the

principle of mutual equality, sovereignty and non-interference in the affairs of other countries. The basic perspective of this trend is peaceful co-existence between countries with differing social organizations. This co-existence is founded upon recognition of the fact of the subsistence of both a Socialist world system and a capitalist world system and of their going to subsist alongside for a long time to come, and that the answer to the question which of these two systems has more vitality, which of them is more fitted to contemporary development and progress in all domains of human endeavour, will not be furnished by any attempt to destroy the one by the other by way of atomic war, but solely by a long period of peaceful co-existence and mutual competition with perfect sincerity and without any ulterior motives, being firmly convinced that the future of the world belongs to Socialism and that there is no need to go proving

its superiority over capitalism by force of arms. For other countries which today constitute a large belt of peace, the policy of peaceful co-existence is the surest guaranty for the preservation and consolidation of the recently-gained and hard-won national and state independence and economic development. This first tendency also leans on the support of hundreds of millions of people in capitalist countries as well. Peace-loving men in all countries, irrespective of their political beliefs, are perfectly aware that war would only and exclusively bring ghastly suffering to the whole mankind, while peaceful co-existence opens perfect perspectives of utilizing the creative forces of the human intellect and the labour of human hands toward the prosperity of the human community.

During the year, too, this line, which has been enjoying the increasing support of the wide masses from day to day, has been opposed by another line, one opposed to the policy of peaceful co-existence, a line based upon the perspective of atomic war and rejecting the principle of peaceful co-existence. It is built upon the dictate of the ones over the others. of the stronger over the weaker. The object of this line is destruction of Socialist states, restoration of capitalism in these countries, liquidation of the independence of the states which had freed themselves from colonial dominion and establishment of the rule of new colonisers. This line is unrealistic, seeking as it does to halt march of historical development, to stop or even turn society back from its path into Socialism. However, this line is dangerous because the means for fanning war are concentrated in the hands of a small number of people whose reasoning is unrealistic and who are the victims of erroneous notions, that is, that the struggle between capitalism and Socialism can be decided by force of arms. These men are fearful of this struggle's solution by peaceful means. It is comprehensible, hence, why a policy of this kind is meeting with the growing resistance of the people; it could not be otherwise because it is directly opposed to the interests of the people of all countries who are desirous of living in peace and building their own life in peace as they see fit.

However, it would be mistaken to think that victory of the first line, which alone corresponds to the interests of the people and the contempo-

rary historical phase, can be achieved, especially in U.S.A., without a struggle. Just the past period has convinced us again that forces are still existent in the world which have not renounced the familiar conception of a policy of force, a policy „on the brink of war“. These forces are speculating with war, missing no opportunity to move an action against peace, against the independence of people. They have trampled the agreements reached on disarmament and some attendant partial problems, they have attempted to provoke a new conflict in the Near East ares, always maintaining tension in this area by artificial means; they have been bolstering a revival of German imperialism, they are pursuing a tenacious policy of the creation and expansion of military blocs and abusing the successes of Socialist countries in the field of peaceful co-existence with the idea of fanning a fresh wave of war hysteria. This is best corroborated by their reaction to the launching of the Soviet earth satellite.

Nonetheless, on the other hand, the past year had shown that a successful struggle is possible against this line if we are not afraid of these attempts and if we are prepared to spare no energy toward overcoming all difficulties obstructing victory of the idea of peace and peaceful co-existence between peoples. Imperialist designs against the independence of some countries of the Near East have been blocked with success. The awareness is becoming more and more manifest of how dangerous it is to uphold German imperialism and militarism, which have provoked a world-wide war conflagration on two occasions already during this century, and which have never concealed, nor are they concealing, their aggressive intentions. Together with this the cognizance also is growing of how positive a historical role is held by the first truly democratic state in the history of Germany — the German Democratic Republic. The principles of the policy of collective security in Europe are successfully blazing a trail against the policy of military blocs. It is becoming apparent how much more vitally capable is a policy of consolidation and promotion of economic and cultural relations than a policy of the so-called integration, aimed toward the creation of military-economic bases of the aggressive NATO grouping, conducive to consolidation of the dictate of the stronger over the weaker and the creation of barriers to peaceful co-operation between peoples. The recent peace-

loving proposals of the U.S.S.R. have produced a powerful impression not only upon the wide public, but upon some political circles of capitalist countries. Ordinary people are extending increasing support to the policy and proposals of the U.S.S.R. concerning disarmament, and concerning an instantaneous discontinuation of nuclear weapons tests particularly. There is a constantly growing conviction that the question of disarmament is not possible of solution through the dictate of U.S.A. and its allies. It is impermissible to dupe the world public that a conference of foreign ministers such as is proposed by the NATO powers could be productive of results other than those duplicated for years through earlier negotiations, during which the Western powers rejected the Soviet proposals one after the other even then when these proposals had corresponded to their own earlier attitudes. The question of disarmament requires examination before the face of all peoples, with their participation and to the exclusion of any dictate and deception of the public whatsoever. Consequently the Czechoslovak Republic perfectly endorses the proposals of the U.S.S.R. for calling an extraordinary session of the UN General Assembly or an international conference to consider the disarmament problem. It is the duty of all honourable men in the world to uphold this initiative and demand that the basic international problems be settled by negotiation and never by force of arms.

All the successes the Socialist states have marked in the past year in the promotion of their economies, in the domain of scientific and technical progress, have consolidated the world Socialist system still more as the main pivot of the peace-loving forces in the world. These successes are ceaselessly strengthening their authority in the world and are among the chief reasons why the principle of peaceable competition is winning more and more supporters in capitalist countries as well. It is the duty of every Socialist state to keep making a maximal contribution to the victory of the policy of peaceful co-existence. In this context. I wish to underline that the Go-

vernment of the Czechoslovak Republic is perfectly conscious of this responsibility of its, as borne out, too, by the attitude and proposals of the Czechoslovak delegation at this year's session of the UN General Assembly, as well as the preparedness of Czechoslovakia to renounce together with the People's Republic of Poland the production and stationing of nuclear weapons on her territory, in so far as the great powers renounced deployment of such weapons on the territory of Western Germany, and in so far as agreement is reached between the two Germanys to desist from the production of such weapons and their deployment on the territory of Germany.

From the trend of events, we are increasingly confident that the fundamental precondition for the victory of the policy of peace is the firm unity of Socialist countries and their close mutual co-operation with all peace-loving countries.

It is necessary that in the coming year also there be no weakening of the efforts toward the further consolidation and expansion of the world peace front.

The peoples of Czechoslovakia and Yugoslavia are firmly bound together by the ideas of Socialism and peace. This has created the preconditions of our mutual close brotherly co-operation. They should be utilized, there should be developed every possibility toward consolidation of our mutual relations, toward the prosperity of our two countries, toward the prosperity of Socialism and peace. Certainly we both-sidedly desire these efforts of ours to bear fruit. I also take this opportunity to wish the peoples of Yugoslavia many fresh successes along the road of building Socialism and in the struggle for world peace in the coming year.

*We inform our readers and contributors to send the post on the address*

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## CLOSER RAPPROCHEMENT OF EAST AND WEST EUROPE

Dr. Fritz BADE

Director of the Institute for World Economics in Kiel

*Within the framework of this interesting poll „The Review of International Affairs“, in Nos 176-7, 178, 179 and 182, published contributions by the following distinguished personalities: Paul van Zeeland, the Belgian statesman and economist, Leon Makas, the former Greek Minister, Francois Perroux, the eminent French economist, and Dr. Jan Tinbergen, professor of the Dutch High School of Economics. In this issue we publish an article on problems of European integration from the pen of professor Fritz Bade, director of the Institute for World Economics in Kiel. Professor Bade has formulated his views on these problems in the form of answers to questions put by our staff.*

**QUESTION:** What are your views on the ways that would lead to European integration and how do you assess the present initiatives and concrete steps made in this direction?

**ANSWER:** European integration within whose framework the Western European territories should be integrated in the West European economic area, and that in which the East European nations should be integrated in the East European area, is contrary to the genuine integration of Europe, as it would merely widen the division not only of Germany itself, but Europe as well. Genuine European integration is therefore possible only if methods are devised which would lead to the merging together of both parts of Europe, which are so widely divided at present.

The methods of integration are manifold. Two methods have been tried so far in Western Europe, one of which was highly successful, but the other less so. We will henceforth refer to the one as „liberal“ and the other as „authoritative“ integration. The instrument of authoritative integration is supra-national authority. The establishment of the European Coal and Steel Community has marked the most important attempt at authoritative integration so far. The national governments of the individual countries which acceded to this agreement were deprived of the right to dispose of their coal and steel, which was transferred to a supra-national authority — in this case the High Authority for Coal and Steel.

The successes of this type of integration are not particularly convincing. The High Authority failed to resolve any of the major problems in the sphere of the West European coal and steel economy, especially the finan-

cing of the necessary investments for coal production. The German economists are more or less in agreement that the setting apart of certain areas from the economies of the contracting states, and the transfer of sovereignty over these sectors to some supra-national authority, does not lead to the genuine advancement of integration. It is almost unanimously agreed that this path should be abandoned in the future.

Signal successes were accomplished, however, by means of liberal integration. The „liberalization“ of commodity exchange between the OEEC member countries and the European Payments Union is the best example of liberal integration. The term „liberalization“ however does not convey the essence of the matter. What this actually means is the elimination of quantitative restrictions on the flow of goods, which were chiefly introduced in Germany during Nazi rule, and were subsequently adopted in the foreign trade policy of many European countries. A word adequately connoting the abolition of national customs barriers would be far more suitable than the word liberalization, to denote the elimination of these quantitative restrictions. Conspicuous successes have been achieved as regards the elimination of quantitative restrictions. They were facilitated by the results achieved by the European Payments Union. The EPU is not a supranational authority, but a system of short-term agreements which are regularly prolonged. This instrument has made it possible to carry out payments between the Western European countries without any friction whatever at present, the only exception being those countries which permitted the decline of their national currencies. The success of the EPU

is primarily substantiated by the fact that the amount of payments effected through this organization rose from the initial 13.1 billion dollars to 51.8 billion in 1955. Two thirds of world trade are being effected through the European Payments Union at present.

The latest step towards the creation of the European Economic Community (the common market) should in principle belong to the category of liberal integration, but unfortunately it contains various elements of authoritative integration. Its success will depend on the degree to which customs and other obstacles to foreign trade are abolished, and whether it is free of the unfavourable influence of the newly created supra-national bureaucracies on the development of economy.

Neither of the two instruments — „authoritative“ and „liberal“ integration — can be applied under the conditions which prevail in Eastern Europe. All East European countries have a centralized planned economy, and a foreign trade whose development coincides with the needs of this planned economy. The long-term coordination of economic and foreign trade programmes would be the sole instrument for the integration of such countries. Tangible results have already been accomplished by means of this instrument in Eastern Europe, and in the relations of the Eastern European countries with the Soviet Union. It will become fully effective if each of these countries is in a position to protect the interests of its national economy, without any kind of political tutelage whatever.

All-European integration can be conceived only if all the instruments available are expediently utilized. The long term coordination of foreign trade programmes would be the most efficacious tool in the Eastern part of Europe, while continuance along the road traced by the EPU and the gradual removal of customs and quotas would be the most suitable for Western Europe.

Although these two principles seem diverse, they may nevertheless be combined. The German neighbours in the East are countries with a planned economy managed by the state and a state-controlled foreign trade, while their western neighbours have a privately managed foreign trade. Germany must be reunited, and a united Germany will then combine both these instruments; and the same applies to Europe as a whole, which should be integrated.

**QUESTION:** *What in your opinion should a future Europe be like, and which problems should be resolved in order to lay solid foundations for European unity?*

**ANSWER:** The reply to the second question has already been largely given by the foregoing. It would be an illusion to believe that the Europe of tomorrow will belong completely to the sphere of a centralistic state-managed economy, or to a completely free market economy. For some time to come the Eastern European countries will belong to one economic system and the West European countries to another. In point of fact, Europe will be capable of living if the problem of coexistence between the eastern world, which has developed primarily on the basis of planned economy, and that of the western world, which is based on a market economy, is favourably resolved. If coexistence is possible between the USA and the USSR then it is also possible in Europe between countries with different economic systems. Economic integration finally implies the exploitation of the principle of the international economic division of labour and comparative expenditures. This is possible, not only among countries with a kindred economic system, but also among those with different ones. Integration will be all the more successful if every country which considers a given economic system important for its existence respects the needs of other countries for a different economic system.

**QUESTION:** *In this context the problem of European security stands out in bold relief. How do you envisage such a system of European security which would do away with the fear of war and political conflicts, and enable the peoples of Europe to devote their material and spiritual resources to peaceful development and common progress?*

**ANSWER:** European security is only possible if Europe does not remain militarily disunited. As long as one part of Europe is linked with the western world — especially the USA — by a military alliance against the eastern world, especially against the Soviet Union, and the other part of Europe is allied with the Soviet Union against America, there can be no security for anyone in Europe.

The only European system of security worthy of the name would consist in the withdrawal of the western half of Europe from NATO and the eastern half of Europe from the Warsaw Pact, and the creation of a system of col-

lective security for the whole of Europe, to be guaranteed by both the USA and the Soviet Union. The elimination of all atomic armaments within the broadest possible area in the heart of Europe would represent the first step in this direction. This should be followed by the reduction of US and Russian occupation forces in those parts of Europe in which they are still stationed. Far from contributing to international security, armaments and particularly atomic armaments only tend to perpetual insecurity and the aggravation of the threat of war. Every step towards the reduction of arma-

ments by the part of the big powers, and towards the creation of areas where armaments would be „diluted“ in the most important regions of potential conflict, especially in Europe, would mark a decisive contribution to security. If a decision to embark is reached, the benefits therefrom both for European integration and for the prosperity of all European peoples would soon become obvious. The economies which the nations of Europe could achieve by the reduction of armaments would be the best and richest source for the financing of an all-European investment plan.

## PRACTICAL POSSIBILITIES OF INTEGRATION

Vlajko BEGOVIĆ

Director of the Institute for International Affairs and Economy



**ANSWER:** The idea of the integration of Europe, taken as a whole, is a practical one, issuing from a need for economic and cultural development. Although the economic and cultural life of the European peoples still evolves within the national borders of different countries, these borders are proving too narrow today, just as local borders were once too narrow. The new technological discoveries which have intensely increased production cannot be fully manifested within the narrow national limits of the relatively small European countries. If production is to develop unhindered in keeping with presentday technical opportunities, and if conditions are to be created for a more rational use of modern productive forces, there arises the problem of creating a wider economic space and a wider market, as well as that of the specialisation and cooperation of production and the appropriate distribution of social work. The development of integration in Europe would help the development of the various countries and the European community as a whole, and lessen the existing major differences in level of development of the European countries.

This need for cooperation is already finding various ways of bringing Europe closer to integration. These are multilateral forms of cooperation

— regional as well as wider general European cooperation — within the framework of the UN European Economic Commission. At all events, existing cooperation in Europe bears the stamp of the presentday international situation and international relations, and is chiefly developing in the form of western European and eastern European integration. The economic and cultural development of Europe, its peace and its welfare, will depend to a great extent on the further development of that cooperation and its orientation.

The principles on which European cooperation can further develop and European integration be realized are clearly marked today. These are respect for the independence and sovereignty of peoples, equality, and non-interference in the internal affairs of countries. It is true that these principles are rather adopted in declarations than consistently carried in practice. It is also true, however, that these principles are increasingly being adopted by the nations, and becoming the bases of cooperation among peoples.

Thus the first experiences are already being acquired on the road towards cooperation in Europe, and the principles on which this cooperation can further develop are being constructed.

Experience so far, and the present situation, show that European integration might be successfully realised if peoples were drawn closer to each other by peaceful means, gradually developing economic, cultural, technical, political and other kinds of cooperation, as well as solving controversial issues by mutual understanding and by eliminating the causes of conflict. Unless controversial issues are solved and democratic methods applied integration creates numerous and difficult problems which cannot be successfully solved even through supranational bodies, nor through the authority of certain great countries which are particularly concerned with the promotion of various forms of integration.

As regards the assessment of the present initiative and the concrete forms of European integration, I fully agree with the view of Prof. Fritz Bade, in this issue of „Medjunarodna Politika“, so that shall avoid a repetition of these views in my answers.

Cooperation in Western Europe has most successfully developed in the economic field, especially in the field of exchange and mutual payments within the framework of OEEC (Organisation for European Economic Cooperation) and EPU (European Payment Union). These two associated organisations have had a strong influence on the development of economic cooperation and, in general, on the economic development of Western Europe, even though they had to solve very grave problems of mutual cooperation.

Another form of cooperation is the European Coal and Steel Board. This organisation is trying to develop quickly one section of the western European states and make it more effective. To this end it is limiting the sovereign rights of various countries to definite sectors of economic life, and has created a supranational body. But as these involved are the most developed European countries, there is a danger that, in developing cooperation in that direction, a force might be created which would exert pressure on other countries as well. The result of this integration has not proved so favourable as that within the framework of OEEC, where the sovereign character of different countries has been preserved and where deeper changes in the structure of the economy of different countries are not necessitated.

Eastern European integration is developing within the framework of the Council of Economic Mutual Assistan-

ce. It has attained major results in the field of coordination of production plans, specialisation in production, and in the coordination of foreign trade. Mutual cooperation on a multilateral basis is only beginning to develop. The socialist economic system provides notable opportunities for the integration of the national economies. There is also a danger however, that this integration is making too much headway, and can lead to difficulties in the economy of different countries, cause a breach of the principles of equal relations, and develop a tendency towards the isolation of the economy of an integrated area from the rest of the world.

Both these economic integrations which are developing — one in the East and the other in the West of Europe — began during the cold war days. For this reason they bear certain non-economic traits which are rather of a political and military character, and have entered the sphere of the bloc policy. This especially hampers the development of economic cooperation in Europe and, consequently, its integration.

Today limited regional integration, such as the integration of the Scandinavian countries, is very important. Such integration constitutes a step forward in the development of European and wider integration. The bloc policy, however, sometimes hinders the development of such regional integration in Europe and in other areas, such as the Balkan countries and the Danubian basin which have historical and natural conditions for this.

Various economic and social systems can create certain technical and organisational difficulties in the development of economic and other cooperation, but they need not form unbreakable barriers. The economic and social system should and can be the internal affair of each nation, in conformity with its needs and wishes.

It is just this contemporary military and political bloc aspect of western and eastern integration that prevents Yugoslavia from allowing herself to be included in any existing forms of European integration, even though she is aware of their favourable role and esteems the results achieved. That is why Yugoslavia limits herself to taking part in their work through her observers and joins only certain sectors of their activity. Yugoslavia favours joint forms of European cooperation and is prepared in principles to aid such cooperation.

Of course regional integration in Europe, as well as general European integration, ought not to be an impediment to the development of world cooperation and a closer approach to world integration, especially to the unifying of world economy. It need not hinder the strengthening of the United Nations and its regional organisations, especially the European Economic Commission, which is now a major factor of the development of integration in this part of the world and may represent it in the future as well. The framework of UNO and its regional organisations is wide enough to allow of the development of both limited and wider regional integration.

ANSWER: It is hard to say what the Europe of tomorrow will be like. It would be a very good thing if she were united and if the peoples of Europe developed cooperation in all fields. But what concrete form this will take in the future is not easy to say. Perhaps it is easier to give an opinion on what problems must be solved in order that firm foundations may be laid for European integration.

Experience in the realisation of integration has so far shown how delicate and complicated this question is especially when integration in the economic field is involved. Economic integration, above all, aims at creating a common market for definite areas, and at a social division of work on the basis of natural resources and comparative production costs. Here we meet primarily with different degrees of economic development and productivity of labour. Countries with lower productivity of labour are in a weaker position than those with higher productivity, and their economic development in a wider, earlier instituted integration may be hampered or slowed down. Underdeveloped countries therefore need economic and technical aid in order to fit themselves for wider forms of integration. Besides this, every country pursues its own definite national economic policy, developing an appropriate economic structure, a certain economic equilibrium and proportion, and has raised to a definite level its own living standard and social policy. Therefore accelerated and wider integration would undoubtedly lead to boundless difficulties, and might jeopardise the very idea of integration in some countries.

This necessitates a gradual movement in integration, a study of the result of each step taken, and its de-

velopment primarily in those sectors in which it can be most easily carried out, such as foreign trade, mutual payments, transport, etc. In countries where the means of production are public property and where planned economy is applied on a wide basis, integration develops more easily. Here there also are special possibilities of integration in the field of cooperation and specialisation in production.

The fact that a number of controversial issues, particularly German unification, have not been solved, also constitutes an impediment to the development of European integration. The solution of this problem would create favourable conditions for the development of integration and peace in Europe.

One of the problems is indubitably the development of cooperation between the countries of Eastern and Western Europe. This is today a very sensitive and grave question. It might be much more easily solved if the European peoples decided it themselves — if there were no foreign bases and foreign armies on their territories.

One of the special obstacles to the normal and proper development of European integration and to the solution of various European questions today is the division of the world, and consequently of Europe, into blocs. The bloc

policy to a considerable extent imposes its own orientation and policy on the existing forms of integration, gives them a military and ideological aspect, and affects the fixing of regional borders. There is no doubt that the presentday bloc policy has its roots in the tension which exists in international relations and in the lack of confidence which encourages this tension. For this reason it cannot be eliminated either easily or quickly, though the sharpness of conflict can be dulled and the influence of the bloc policy on the life of the European countries gradually withdrawn.

In any case, the solution of all the questions which are of importance for the development of European integration will be a long and slow process, the road to which is not easy to pave, as practice has shown today.

ANSWER: The fundamental obstacle to the building up of European security is certainly the bloc policy and the division of Europe into spheres of interest of the great powers, together with ideological and political exclusiveness in relations between countries. This policy carries with it the danger of war and hinders cooperation of the European peoples. The question of peace in Europe and European security could be much more

easily solved if the European peoples themselves tackled it, and not merely the various conflicting great powers. The arming and building of military bases and the stationing of foreign troops has done nothing for the peace and security of the European peoples.

A system of European security, the elimination of the fear of war and of political conflict could, it would appear, be realised only by developing peaceful coexistence and active cooperation among the European peoples in the economic, cultural, political and other fields, and by an increasing emergence from the pattern of national borders, especially from the borders surrounding the different social system in Europe.

The building up of European security would be a decisive factor of security in the world in general, and a guarantee of the independence and self-sufficiency of the European countries, which would aid the solution of many questions of contemporary Europe, especially the problem of German unification. This should constitute one of the most important factors for peace and the improvement of international relations, and form one of the foundations of peaceful development and prosperity in Europe.



## STATE CAPITALISM AND THE STRUGGLE FOR PEACE

Dr. Najdan PAŠIĆ

Editor of the Journal „Naša stvarnost“

THE REALIZATION that an incomparably fuller, materially secure and culturally richer life entered the domain of the practicable and possible has penetrated into the minds of hundreds of millions of ordinary men and women for the first time in history. These countless millions are likewise aware of the fact that this or the next decade may bring the greatest catastrophe of self extermination. If these realizations were combined with a clearer understanding of the objective processes which will direct the movement of society in one way or other there would be no reason why the future vistas of the present generations should be overshadowed by visions of untold horrors of war.

One must not necessarily be a philosopher, sociologist or politician to be aware of the fateful paradox

of our times, the contradiction between the spectacular progress made by mankind in the field of production and technology, and minimum or negligible progress made in the meantime with regard to the regulation of its own relations. The gigantic achievements of the natural sciences and technical possibilities which should become a source of prosperity and progress under such conditions are converted into sources of direct threats to the existence of human civilization.

In order to discern this problem in full relief it is sufficient to compare the development of producer forces and technology during the past half century, and the more important political and social events which occurred during the same period. Within the timespan of barely fifty years the gigantic step was made from the

first primitive flying machines to mass air transport which made transoceanic flights a matter of daily routine, and which reduced the distances between the remotest points of the world to a few hours travel. The primitive balloons which provoked such admiration and astonishment by rising to an altitude of a few hundred meters, have now been replaced by artificial satellites which circle round our planet at incredible speeds and at altitude of a thousand and more kilometers. Radiophony and television, radar and electronics, the freeing, and the military and economic exploitation of the immeasurable energy contained in the atom nucleus, the total automation of the most complex production processes and other magnificent technical achievements with imponderable consequences and influence on the human war of life and human relations, — all these are the results of the past fifty years of scientific and social development. This testifies to the fact that mankind is on the threshold of a new industrial revolution which, by its scope, surpasses all that was referred to by that name in history so far.

During the same fifty years mankind experienced two World Wars and an economic Depression whose scars took a long time to heal. The Damocles sword of the threatening nuclear horrors casts its sombre shadow over the post-war years of technological and economic prosperity.

Nonetheless it would be quite wrong to contemplate the wars and depressions during the past half century as mere proofs of the gap between technical and social development, between the potential with which men dispose as regards the exploitation of natural resources, and their impotence before the mare of socio-historical tendencies, between the material basis of social life and the economic and political forms of the social organization. All of these events which were mentioned were the result of a whole series of internal social changes and marked a given stage in the constant and accelerated evolution of social relations.

World Wars I and II not only showed that monopolistic capitalism as a world system which inevitably leads to imperialist wars but at the same time marked the end of monopolistic capitalism on a world scale: The end of World War I was marked by the victory of the socialist revolution in Russia, and World War II was accompanied by a revolution in Yugoslavia and China and the downfall of the capitalist regimes in a series of East European countries. The Great Depression of 1929 this major spontaneous revolt in the history of the producer forces against capitalist relations in production not only revealed but finally proved the inability of the capitalist system to continue independently ensuring the economic and social reproduction based on the functioning of its internal laws, but at the same time also opened the way to far reaching measures of state intervention in the economy, thus paving the way to etatism and state capitalism. The economic measures implemented during World Wars I and II also provided a vigorous incentive in this direction. Under the pressure of economic necessity the state destroyed the former sovereign rule of private capital in the economic field during the past few decades thus becoming the central institution of the existing economic system. Its manifold and continuous intervention became an indispensable factor for the correct functioning of this system. The world embarked

on a new transitional phase of economic and social development.

The state capitalist and etatist elements acquire a dominant place in the entire organization of social life because the private capitalist producer relations have already come into irreconcilable conflict when the objective material needs of social development, while the socialist producer relations are still unable to take their place as the forces of socialism are politically and organizationally unprepared to carry out their historical task immediately. Thus the power of the modern state and its new social role is due to the obsolescence of the capitalist, and the immaturity of the socialist producer relations.

The various measures by which the state ensures the normal functioning of the economic and social system, — the nationalization of the means of production on a large scale, the redistribution of national income by means of progressive taxation, the economic and administrative channelling of economic processes in accordance with the specific tasks planned, are all essentially concessions to the pressure exerted by the highly developed producer forces which require the recognition of their social character. This is also substantiated by the character of the measures mentioned; all of them actually mark the abolishment or restriction of private capitalist ownership, the forcible modification of the capitalist system of distribution and the appropriation of social production, the liquidation of the sovereignty of private capital.

By violating the internal laws of the capitalist system, by partially avoiding some of these laws, the modern state opens new prospects and provides further incentive for the accelerated development of the producer forces and the material progress of society. It is only thus that the contemporary period of relative economic prosperity, substantiated by the rapid upswing of technology, the growth of producer capacity and gross social product, high employment levels etc. may be explained. These are all facts which confuse and irk various doctrinaire pseudo-Marxists because life refuses to conform to their schemes — ready made schemes and clichés.

The contemporary development of the producer forces, industrial technology and transport ineluctably leads to the strengthening of internal social cohesion and the growing interdependence of the individual sections of society. This development is implemented by the constant and ever deeper socialization of the material basis of society, the economic and social integration on a national and international scale.

However the modern state not only enabled the further development of the producer forces. It also fixed certain limits to this development. The advent of the state as factor which ensures the fundamental conditions of social existence, inevitably leads to the expansion and all-round strengthening of the state bureaucratic machinery which gradually aspires to subject the entire social life, to control and regulate all social activities from economics to sports. More than ever before in history the state becomes a „supra-social power“ with its specific interests, a specific conception of „public necessity“ and of its own historical place and role. The idea that the state is the inevitable beginning and end of the entire social movement and the sovereign exponent and representative of all social interests is the backbone

of the state bureaucratic ideology. The essence of the state bureaucratic policy lies in the tendency to concentrate the state and eternalize the state in the role appropriated. The realization of this ideology and policy would spell death to all free social development, and genuine progress. The further development of producer forces would be stopped, as insurmountable obstacles would be laid in its path.

An acute conflict may already be discerned today between the highly developed forces of modern society and objective interests of social progress on the one hand, and the organizational forms, methods and even the very aims of the etatist and state capitalist economic policy on the other hand. This contradiction in the material basis of social life is becoming increasingly acute, while exerting an ever stronger influence on the entire social life and becoming increasingly obvious through a series of contradictory tendencies characteristic of this historical moment.

The lagging of the economic and political forms of social and state organization behind the process of objective social development, the conflict between the etatist tendencies based on the present role of the state and socialist tendencies based on the needs of social evolution, are strongly manifested also on the plane of international relations which entered upon a new phase of development themselves.

When state capitalist tendencies predominate in social life in general, international relations also acquire a different character. They are no longer formed exclusively or predominantly as a consequence of a free and more or less spontaneous movement of capital which is transferred and circulates according to its own laws. These laws are modified and replaced by state intervention, so that international relations therefore acquire the imprint of inter-state relations. International life is no longer subjected to the spontaneous movement and clashes of world financial capital. This opens genuine prospects for the development of the various forms of cooperation and relations between peoples and different parts of the world on a rational basis and in accordance with the level reached by the producer forces for which ever closer cooperation on an international scale and unhampered economic integration are an indispensable condition of further progress. This objective social interest, however, can only be achieved through the state which is interpreting it in the light of its narrower interests and bureaucratic conceptions and aspiration. The contradiction manifested here represents the basic cause and social root of the constant intermingling and parallel functioning of progressive and reactionary tendencies which may be considered a dominant feature of contemporary international relations.

Every isolationist policy is obsolete today in view of the objective laws of material development. The all-round development of economic and other ties with other countries is an imperative for every national economy. On the other hand, the tendency to convert economic ties and cooperation with other countries into an instrument of its policy and, if possible into a tool for the exertion of pressure and the imposing of their own will is characteristic of every bureaucratic state organization. Thus parallel with the expansion and strengthening of international relations of every individual country lives parallel with the practice of economic pressure and

discrimination and the forcible division of the world by artificially erected barriers.

Today the level of economic development reached places the problem of economic integration on a regional and international scale on the agenda. This positive tendency of the contemporary world towards an ever deeper internal unity is marred from the very beginning, however, by the negative tendency to invest the process of integration with the form of military alliances and exclusivist blocs, and to use it as a mainstay of power politics and the struggle for world supremacy. In the imperialist and state bureaucratic interpretation, the unification of the world assumed the form of a struggle for the domination of one's „own" bloc and one's own domination within that bloc.

Today the interconnection and interdependence of all parts of the world reached such a degree that the assistance of the more rapid development of the economically under-developed areas now represents not only a long range but also a genuine material interest of the highly developed countries. Although the vital significance of the problem for peace and international stability is more than evident, the underdeveloped countries have not received adequate assistance. This is due to the fact that the assistance to the under developed countries is persistently mixed up with the creation of spheres of interest and subjected in practice to the interests of the big power struggle for the creation of their positions and strongpoints throughout the world.

It is obvious today that only active coexistence conceived as the fundamental principle of international relations will enable mankind to avoid a nuclear war and hence also the greatest catastrophe in its history. Nonetheless, international practice constantly confirms that coexistence is often conceived as a mere tactical weapon suitable in some situations and unsuitable in others, as a principle which may be proclaimed today and forgotten tomorrow. Such an interpretation of the principle of coexistence is actually an alarming example of the subjection of vital interests of social existence to the „higher interests" of state policy.

The struggle to overcome the negative tendencies in international relations is an integral and indissoluble part of the struggle for social progress. Future social progress will inevitably lead to the abolishment of such forms of economic and political organization underlying the present aforementioned negative tendencies and phenomena in international life whose common social root lies in the fact that the state strengthened to such an extent and become independent of society, that it is in a position to place its interests above those of society and adopt the interest of a handful of capitalist monopolies as its own will be wholly eliminated. Under the present conditions the struggle for democratic forms of social control over public affairs, the struggle for socialist democracy in every individual country represents a direct contribution to the strengthening of international cooperation and promotion of peace. Never in history was there so close and direct a link between social progress and international peace as is the case today. Only the exponents of social progress can be sincere and consistent defendants of peace to the last.



# THE AUSTRIAN SOCIALISTS AND THE PROBLEM OF THE UNDERDEVELOPED COUNTRIES

Marija VILFAN

THE DEVELOPMENT of the insufficiently developed countries is putting the conscience of making to the test. It is the subject of the most important economic discussions in the United Nations, and dealt with at length in the studies of economists and sociologists. This problem requires an urgent practical solution and also requires the political organizations to adopt a specific attitude. It is therefore natural that this problem is also being discussed in the new draft programme of the Austrian Socialist Party.

In Chapter II in the paragraph on international policy the draft programme notes that international tension will only be eliminated when its causes are removed. One of these causes according to the draft lies in the differences in the standard of living between the developed and under developed countries. The programme urges the industrially developed countries to assist the development of the insufficiently developed regions while expressing the opinion that the exploitation of one people by another must be replaced once for all by the extension of mutual assistance. It is stated in the programme that international struggle against poverty and ignorance is one of the most important tasks of the international community as it leads to freedom and peace for all.

We may agree with these postulates in the draft programme as we are struggling long since for the victory of such ideas in the world. But we may well ask to what extent these theses reflect the determinations of the authors of the programme to strive for its implementation by enlisting the forces of the Austrian socialist movement. We raise this question, as we have come across certain attitudes in the first part of the draft programme which lead to exactly the opposite practical conclusions.

Owing to the importance of this problem, we will cite an extract from the Chapter. On the Tasks of Democratic Socialism in which reference is made to it.

Having called attention to certain phenomena in the capitalist economy which may seriously jeopardize its postwar stability, the draft programme points to still more dangerous phenomena in the non-capitalist world which is being shaken to an ever greater extent by political and economic revolutions.

The year of 1917 marked the beginning of these revolutions. The communist dictatorship which ensued therefrom created a state economy oriented towards war and armaments.

World War II marked the end of European fascism and European colonialism. Their downfall as well as the distrust of the peoples which acquired their independence of the capitalist world, resulted in the drying up of the former sources of capital of the insufficiently developed countries. For this reason, large scale industrialization in these countries can only be managed by the state by means of fiscal instruments; the absence of an industrial bourgeoisie being a characteristic feature of these regions.

The growing state industry is becoming an instrument of authority in the hands of the leading intellectuals which more often than not joined forces with the officers corps. Nationalism which reached flashpoint owing to the injustice of colonial oppression, raised the sovereignty and power politics to a level where they become a symbol of the new states and makes the latter place their young industries in the service of armaments.

Therefore only a small part of the already scarce resources is being utilized for the construction of producer capacities. The workers and peasants remain poor and their standard of living may even decline under the pressure of the population increment and armaments. This is a drastic contrast to the sweeping promises of the intellectuals who preach the advent of Paradise on earth as soon as the foreigners withdraw to the workers and peasants.

The governments of the young states, — irrespective whether the latter are fascist or communist, — cannot check the growing resentment of the working masses otherwise than by force. Dictatorship against one's own people and the threat of war against other states, this is the essence of the policy of these governments irrespective of the ideological guise they may assume.

Democratic socialism is their deadly enemy. Although they refuse to admit it, these governments live from the exploitation of workers and peasants and their historical function corresponds to the function of the exploitative classes of early capitalism in Europe; they are devastating the rural economy, impoverishing a large section of the farm population and driving it to the urban centres; the peasant once severed from his land is converted into a proletarian deprived of all property, into a human exponent of industrialization for which capital and technology have already created the material preconditions.

All the external forms of capitalist economy are manifested in this state economy. Even if the individual capitalist is lacking, the state and industrial leaders as a whole feel that they represent one community of common interests, and the workers class which confront them feels the same. Ideological conflict inevitably springs from the material conflict over the distribution of the social product; the leaders develop an „executive“ mentality while the ideology of the workers class and related social groups acquires the essence of democratic socialism.

This transformation of the economy and society covers two thirds of mankind; only Western Europe and North America are exempted. Hence if the contradictions between capitalism and socialism in the industrialized sector of world economy have changed to such an extent as to warrant a gradual solution within the framework of the democratic rules of the game without recourse to force, this is not possible in the other parts of the world, where on the contrary the conflicts are „condensed“, where democratic socialism still has to prepare the ground for the struggle of the strata it represents, a ground on which these conflicting interests may be manifested.

This development will be accompanied by revolutions, civil wars, and perhaps even external wars. Although the western world no longer wishes to interfere with those events as a colonial power, it cannot avoid their impact just as its economy must necessarily be affected by industrialization in the east.

Consequently the future will place extensive and difficult tasks before the forces of democratic socialism throughout the world. The European socialist parties must show the way to the young movement of the East by their example.

It is thus that the events in the insufficiently developed parts of the world are analysed in the draft programme of the Austrian Socialist Party. We may agree with the fact that the October Revolution marked the beginning of the process of equalization of economic development levels, the catching up with and overtaking of the industrialized countries. But as socialists we cannot agree with the economic and social analysis of the development of these countries.

The concept that the historical function of these governments is identical with the function of the exploitative classes of early capitalism is absolutely wrong. The fact that these governments have embarked on the initial stages of capital formation must not cloud the reasons which render this historical analogy completely false. The objective of the exploitative classes in early capitalism was the amassing of profits, industrialization was the result of spontaneous development, the masses were in violent conflict with these classes. The historical function of the present governments in the under-developed regions consists in the organization of the planned development of the national economies, thus laying the foundations for the improvement of the standard of living. These endeavours should reflect the aspirations of the masses. The governments of the under developed countries are consciously organizing development in the interest of the entire national community. In as far as there is a bourgeoisie in these countries, it is incapable of coping with so enormous a task.

Since the early days of initial capital formation in the western countries, to the advent of the huge mass movements in the colonies which put an end to foreign domination and enabled the establishment of the present governments, foreign capital was the actual exponent of exploitation. It stopped flowing to these countries because it is no longer able to continue its exploitative function. The distrust of the former colonial peoples towards such a function of foreign capital is entirely justified. On the other hand, the governments of these countries are struggling since many years already to ensure the renewed flow of foreign capital but under different conditions. Today foreign capital should assist the development of under developed regions; therefore it can no longer assume the form of private but only public financing.

So far the industrialized part of the world mainly left the under-developed regions without economic assistance so that the latter are obliged to rely on their own resources. The governments of these countries must necessarily demand sacrifices of their peoples who are obliged to practise self-abnegation. There is pressure on the part of the governments and resistance to that pressure. These facts should not be distasteful to socialists however, but provide an incentive for them to strive for the renewal of the flow of capital to the under developed countries in a new form, thus alleviating the suffering of these peoples during the initial efforts of industrialization. They cannot stagnate any longer, they must develop, and the developed world can facilitate this process by extending economic assistance.

But even under fantastically difficult conditions the governments of the under-developed countries show a positive social orientation. They are not destroying the rural idyll as implied by the draft programme of the Austrian Socialist Party, as this has been done long ago by foreign domination which supported feudalism. The peasant has long since been impoverished and is superfluous on his land. The governments of the underdeveloped countries are already mowing away with the remains of feudalism in the countryside. The creating of new sources of employment in industry or agriculture under such conditions is an act of social consciousness and most of these countries are devoting great attention to the development of agriculture. The foundations of social welfare have been laid. Schools are being opened. For the first time in modern history attention is being devoted to Man in these countries, needless to say within the

limits of the extant possibilities. It is obvious however that countries with an annual income of 25—200 dollars pro capita cannot give their working people that degree of social security as enjoyed by workers in the Western European countries.

The economic progress of the under-developed countries required the maximum effort of all the national forces. A far greater degree of national unity than in the developed countries of the West is necessary. It is not the distribution of the social national product that is in question but primarily its increase. Therefore theories on the essential contradictions of interests of these governments and working class in practice may become the stimulus of an unconstructive opposition. The Stalinist theory on the under-developed countries essentially preached the reactionary character of their governments and instigated frontal opposition against them. Unconstructive opposition would mean the ruining and not the growth of socialist parties in countries where only those forces which participate actively in all-round construction can take strong roots. Certain labour movements in the under-developed countries which transplanted East or West European experiences mechanically saw their influence decline. Such theories are very easily converted into a means of external interference, and transform the workers parties in an instrument of bloc policy.

Is the foreign policy of these governments truly aggressive? One does not have to be a Socialist to see that the armed resistance of these countries was always provoked by foreign aggression: Algeria, Egypt, the Arabian Peninsula, Cyprus. There is no example which would confirm the thesis that military threats come from the under-developed countries. On the contrary, they are distinguished by their prudence and self discipline; the Indian attitude with regard to Goa is a case in point.

It is true that power politics, which still emanate from Europe oblige many governments to expend one part of their resources on unproductive military purposes. Unfortunately, colonialism is still not vanquished. It was precisely in these countries however that the strongest criticism was voiced of bloc policy which aggravates international relations by striving to enlist all peoples into one bloc or the other, imposes military instead of economic aid, and obliges even such governments as that Indian to spend its scarce resources on armaments owing to the situation created on its frontiers and for which a western country is to blame.

The programme calls all governments in the under-developed regions either communist or fascist, this being identical in the opinion of its authors. These are allegedly dictatorships without any prospects of democratic development. In another passage the draft programme affirms that the freedom of the people and economic independence are a condition for the development of the human personality. Is not the role played by these governments so far in the liberation of their countries from foreign political and economic tutelage such a contribution to the democratization of human society which will go down in history as one of the most valuable?

This part of the programme of the Austrian Socialist Party is imbued with the most conservative western ideas. Devoid of any condemnation of the European acts of violence committed in the colonial and under-developed areas, the paragraphs which speak of national independence as a precondition for the development of the human person, sound hollow and unconvincing.

The European labour movement should not forget that the weakening of the political and economic position of foreign capital in the under developed areas enabled their affirmation in their own countries, and that the future growth of the influence of the workers class in Western Europe depends on the progress of the political and economic revolution in the under-developed regions.

We Yugoslavs are friends of the peoples and governments of the under-developed areas. We value their contribution to peace and the creation of an international community based on greater equality of rights. As socialists we feel that our socialist task is not limited only to the development of a new society in our country. We will continue to struggle for the respect of the elementary rights of all peoples and governments by the international community and that it be understood at last that the facilitating of the difficult problem of their industrialization is the most important task which confronts mankind today. This problem must be resolved by all countries together, developed and under-developed alike.

Let us hope that the positive attitudes we have cited at the beginning of this article will get such a theoretical elaboration in the final draft of the programme which will not deny them, but confirm and justify them instead. In this way the foreign political conception of the Austrian socialist Party would coincide better with many progressive proposals of the programme for the extension of the democratic rights of the Austrian working masses.

## NOTES

### AN APPEAL TO COMMON SENSE

Vladimir BAUM

EDGAR FORE: *The Snake and the Turtle — The Problems of People's China*, Julliard, Paris, 1957.

Edgar Fore spent five weeks in China this spring, and his time was certainly not wasted. After his return the former French premier attempted to give the Western reader a picture of China as he saw and experienced it, to allow him to draw his own conclusions from the author's observations, the most important of which is one that recurs through the whole book as a leit motif: common-sense demands the normalisation of relations with Peking. A bridge should be created between East and West, and especially between France and China. Edgar Fore's persistent endeavours to move the West from its uncompromising and inert attitude and accept reality is, in my opinion, the most constructive aspect of this valuable book.

Fore observed China with the eyes of an experienced and mature politician. He perceived the key problems and peculiarities in its road to development and saw its greatest hardships. Although he was a guest of the Chinese Government, it is obvious that he did not hesitate to examine controversial matters. And both before going to China, as well as after his return the author made use of the documentary wealth of the Chinese press. As far as the position of a distinguished bourgeois politician allowed Fore endeavoured to judge objectively, and on the basis of material evidence and definite historical factors, of what he had seen and heard. He openly admired the great achievements of Mao Tse Tung's China (for example, in the field of literacy and in some domains of construction), estimated realistically the economic situation and ascribes the inevitable difficulties of economic development to more or less subjective factors (although he speaks of "some serious mistakes in the planning").

But, of course, Fore's judgements are inevitably coloured by his general conception, so that it is not to be wondered at if the Chinese do not agree with some of his views. This particularly refers to Fore's analysis of the campaigns

carried on in China this year (the movement of "the hundred flowers", the campaign of style correction and the campaign against right-politicians). Fore is openly sceptical about the flowering of the hundred flowers on the cultural plane, and as for the other two campaigns, his rational explanation becomes caustic criticism. But even in the criticism, Fore does not retreat from his basic motive: "The Chinese socialist state would not be so much disturbed and disposed to the reflexes of self-defence, if it were recognised and felt less danger from abroad.

Fore is conscious of the great efforts necessary for a less undeveloped country to overcome the barrier of backwardness. He knows that in such countries the accumulation of indispensable funds often requires centralistic régimes which are able to restrict the consumption and living standard, and secure the priority for the most important key-tasks in economic development. It is interesting to mention that even a radical-socialist statesman should declare that "...it is undoubtedly an advantage of the system which excludes profits, abolishes distinctions, and gives workers, for lack of a better profit, the moral advantage of common ownership over the enterprises...". Like many people in the West, he is interested to know whether there is any essential difference between Chinese and Soviet socialism (or as he says "communism"). Fore recognises the specific features of Chinese policy (a transitory agreement with bourgeoisie, the policy of a united front, the existence of political parties), but he rightly contends that there is no difference in doctrine — which is the same after all — but only in national peculiarities: "Communism in the U.S.S.R. is communism plus Russia. Communism in China is the communism plus China". But whatever it may be, "communism" is here, it exists and will continue to exist; it must be taken into account and agreement come to with it. This is what Fore openly declares to Dulles. As a man who had an opportunity to speak with Mao Tse Tung and Hruschov, Fore thinks that it is easier to speak with them than with Stalin or with "communists of the Stalin type". And it is absurd that many countries recognise neither such a statesman as Mao Tse Tung, nor his country. Fore goes even further. He urges the West to carry on trade with China and even help in her economic development. "It may be taken as certain that China will proceed with her development. She will overcome, easily or strenuously, quickly or slowly, all obstacles, as Mao Tse Tung and his companions did during the Great March... As our attitude will never have any significant influence and this inevitable advance, what advantage is it to us if it is realised, not only without us, but against us?"

Fore also demands an urgent solution of the Taiwan question and refutes resolutely the fiction of "the two Chinas".

The serious value of this book lies in the conclusion that the facts should be squarely faced, its appeal to common sense which demands a bridge between East and West, and a definite transition from silent non recognition to an active and constructive tolerant co-existence, and at the same to an economic collaboration and the realisation of other links. In his appeal to common sense Fore has attained a stature which may be envied one day by these low-spirited and narrow-minded bourgeois politicians in the West, who cannot possibly make up their minds to oppose American policy but nevertheless finally do what is inevitable — send their ambassadors to Peking.

# SIGNS OF A NEW ATLANTIC PACT CRISIS

L. ERVEN

THIS YEAR'S second regular meeting of the Atlantic Pact, held in Paris from December 16 to 19, differed in some respects from the previous ones, primarily because of the exceptional significance attached to it, which stressed even more strongly the political situation — in the Atlantic community and outside it — in which the meeting was held. It also differed as regards the composition of the Council, as it was now the Prime Ministers who headed the delegations instead of the Foreign Ministers as hitherto. Then there was the length of the official communiqué which stated its results and which contains — if we are to believe those who counted them — over 2000 words. As far as one can recollect, no other communiqué of the Atlantic Pact has been so lengthy.

The internal, and hence the actual, political purport of this long communiqué would hardly be comprehensible in all its details if one were to lose sight of the circumstances which influenced the attitude of the various delegations or to ignore the manner in which they acted, if one did not remember the earlier disagreements among the Pact members and their causes. In this respect the communiqué is a compromise in which none of the basic theses advocated by the various delegations were finely entirely adopted or completely rejected. Particularly characteristic of this meeting was the greater independence which the minor members showed in their appraisal of certain problems considered by the meeting, especially that of strengthening the Atlantic Pact and its attitude to disarmament, which compelled the major members, especially the United States, to make concessions.

The circumstances in which the December meeting took place were exceptional. In the space of a few months the Soviet Government had successfully demonstrated inter-continental ballistic missiles whose range embraces more or less all the strategic areas of the world, and rockets — carriers of the artificial satellites — which have overcome the earth's laws of gravitation. This, provided proof that the Soviet Union had „overtaken“ the

Western atomic powers, primarily the United States, in atomic weapons.

The unpleasant impression which this „novum“ produced in Western bloc circles was heightened by another fact. The Soviet Union turned down the resolution of the General Assembly of UNO on conditions for the resumption of disarmament talks, as these conditions contained the old proposals of the Western powers, and also renounced further participation in the Disarmament Commission, as her proposal for widening it had not been adopted.

The Atlantic community found itself faced by this change in the balance of forces between the Western and Eastern blocs, and that in the disarmament negotiations. Discussions between the Atlantic allies, and the content of the communiqué, showed that views varied on this point.

The most resolute attitude was taken by the United States, and it was followed in a certain measure by Great Britain. As the only two atomic powers in the Western Bloc their atomic prestige was most affected by the disclosure of the Soviet advantages, particularly the first mentioned. Their attitude was to meet the new situation by exerting even greater efforts in the field of research and production of atomic weapons, and by strengthening the Atlantic Pact military system — in order to re-establish the disturbed balance, regain lost ground, and confidence in the strength of the Western bloc and in the ultimate success of the policy from the position of force. At a previous meeting in Washington these two powers reached agreement, above all on mutual cooperation in the field of atomic and other discoveries, and then on the amalgamation of the scientific, technical and economic efforts of all the Atlantic member — countries, with the object of raising the level of Atlantic Pact atomic weapons.

This plan did not meet with enthusiasm among most of the European Pact members. First of all, as regards the atomic policy, the American-British agreement in Washington aroused among some European members —

France for one — a certain suspicion about the intention of these two powers to impose their leadership on the whole community. These French suspicions were strengthened by American-British interference in North-African affairs. The American plan for distribution of atomic production and possession of individual types of atomic weapons was viewed with the same doubt, as both militarily and politically the plan favoured, not only the United States, which was understandable, but also Great Britain, which was less acceptable. Among other European members strong internal resistance grew against participation in atomic weapons, although the Governments themselves are not altogether against them — as for example Western Germany. Finally, another group of countries openly expressed their disagreement with the plan of installing bases for launching atomic missiles on their territories — as for example Denmark and Norway. The promise of security contained in the possession of atomic weapons and techniques for their use, failed to overcome the feeling of the risk of such installations as a possible target for atomic missiles.

This disagreement with the new atomic policy plans was not confined to their concrete forms, but extended to the relevance and timeliness of such a policy. Nobody denied the need for strengthening and perfecting the military force of the Atlantic Pact, but hardly anybody considered that this should be the only task of the December meeting. The revelation of the strength of the Soviet Union in nuclear achievements produced a different reaction among the European countries which do not possess atomic weapons and have no need to defend atomic prestige, than among the two Western atomic powers. If this event stimulated these powers to renew the race in atomic armaments — most of the European countries were prompted by it to look for a way to stop this fatal race and revive the disarmament talks.

The reception in Moscow of the lectures given over the BBC by Mr Kennan, the former US Ambassador in

# GET ACQUAINTED WITH YUGOSLAV INDUSTRY



## THE „TITO“ SHIPYARD — BRODOGRADILIŠTE „TITO“ —

Two seemingly contradictory features characterise the development of shipbuilding in Yugoslavia: the fact that the Yugoslav shipbuilding possesses a long and steady tradition; and yet its true development and prosperity is of recent date. Yugoslavia is one of the countries which nature has endowed with an exceptionally favourable geographical position. A glance at the map of Yugoslavia reveals a dense network of river courses, as well as the long line of the Adriatic Sea coast. This visual impression translated into economic language shows that the rôle of rivers and seas is very important in the economic life of Yugoslavia, and that her sea and river traditions are indeed ancient. On the other hand, Yugoslavia till recently ranked among the less developed countries. Her economy was predominantly agricultural and the methods of economic production were generally of a manual

character. Natural resources were not used sufficiently and the national revenue was on a very low level. If we consider the general condition of the shipbuilding industry in Yugoslavia between the two world wars, we shall understand why it was not sufficiently developed and why the shipyards dealt with overhauling and such services rather than with the construction of new ships.

The post-war economic policy was defined from the first day: by the development of heavy industry and the carrying out of electrification Yugoslavia was to be transformed from a backward and agricultural country into a developed industrial one. This gave the shipbuilding industry a powerful stimulus. Yugoslavia has already taken the place among the more developed countries in Europe, and it is easy to fix the limits of the two periods in the development of Yugoslav

shipbuilding: the first period, belonging to the past, was characterised by manual production and a low level of technical equipment in the shipyard; the second period, denoting the present phase of development, is characterised by the establishment of a modern shipbuilding industry equipped with technical installations and high grade mechanisation. If we take into consideration the fact that the achievements of the Yugoslav shipyards in the production of modern vessels both for home and foreign needs have been favourably compared with established world standards, future years will undoubtedly confirm the position of the Yugoslav shipbuilding industry on the world market.

These facts also explain the basic features of Yugoslav shipbuilding: this industry possesses all the advantages of a young industry using modern technique and conforming to contemporary produc-



tion demands; while the long tradition of shipbuilder's collectives in Yugoslavia is the safest warrant of solid work and the highest quality of production. This is even more important as in the course of production the experience and skill of the workers in the shipbuilding industry are shown more strongly than in any other branch of industry.

This general review of the Yugoslav shipbuilding industry — and the river shipyards especially — gives not only in general but also in detail a true picture of the development of the largest Yugoslav shipyard on the Danube and the Sava, and even in the whole country — the „Tito“ Shipyard in Belgrade.

#### A SHORT HISTORY OF THE SHIPYARD

The „Tito“ shipyard was founded 1895 as a small workshop on the bank of the Sava at Ćukarica, a suburb of Belgrade. The work was manual and the first machines were introduced only ten years later, when the building of small vessels was undertaken. The help of Hungarian trained workers and the introduction of a certain amount of mechanisation led to the building of six wooden cargo boats, but the Second World War prevented their completion. During the war the shipyard was burnt down, and it had to be started all over again. In pre-war Yugoslavia the shipyard developed very slowly because of general economic conditions, although new plants and an enlarged production program were slowly and gradually introduced.

#### POST-WAR DEVELOPMENT OF THE SHIPYARD

In the first post-war years, when many urgent tasks faced our economy, the development of the shipyard had to be carried out within the narrow limits of the restoration of existing plants. Two events in this period were of great importance in the development and work of the „Tito“ Shipyard: at the beginning of 1949 the plant of the winter-dock at Ada Ciganlija was added to its principal plant; and at the beginning of the next year, 1950, the shipyard was put under the management of the working collective. The addition of a new plant made possible better development of the shipyard, and with the introduction of worker's self-government, the shipyard progressed rapidly towards its basic aim: its transformation into a modern shipbuilding enterprise.

The shipyard fulfilled its first five year plan ahead of time. In this period the shipyard carried out more or less extensive repairs of 1,700 vessels, among them the overhauling of the largest river ships: „Istra“, „Konjuh“, „Podgorina“, „Srbija“, „Hrvatska“, „Slovenija“, „Makedonija“, „Beograd“, „Zagreb“, „Split“, etc. Although this did not include the building



of new ships, the working collective of the enterprise obtained valuable experience and trained workers who were ready to undertake most complicated tasks.

The year 1952 represented a turning-point. The shipyard took the following steps that year: the shipyard at Ćukarica was removed to Ada Ciganlija — a site favourable for the development of a modern shipyard; in addition to overhauling as a basic activity of the enterprise it was decided to start the temporary production of building machines in order to employ free capacities; while preparations were gradually undertaken for the modern production of vessels. First of all, it was necessary to start with the creation of material means. Thus „helling“ mechanisation on an area of 30,000 square meters was carried out, for it was considered that without such an important plant it was not possible to construct a modern shipyard. The construction of a foundry, metal-planers, ship forge-workshop, the necessary roads, water works, drainage, railways, transport means and new plants was also carried out. At the same time manual methods were done away with, so that the enterprise had now all conditions necessary for serial-production. In 1953 the enterprise repaired 49 vessels and in other activities the plan was surpassed by 65 per cent. The gross production of that year amounted to 468 million dinars, and more than 1,000 million in 1954, while the value of the gross production in 1955 amounted to 1,650 million dinars. This increase of production was the result of higher productivity of work, the increase of material means, and the introduction of modern equipment. This is proved by the following: by 1956 the enterprise spent 324 million dinars on the construction of new buildings and the supply of machines; the sum of 414 million dinars was allot-

ted for the completion of these buildings and the purchase of the necessary equipment. A great part of this sum has already been invested for this purpose.

As a decision to construct a new Yugoslav river fleet was made in this period, the enterprise took part in the Tenth Competition of the Bank for Investments and got 75 per cent of the resources needed for this purpose. Thus the „Tito“ shipyard has large production task which is to be completed by 1961. With this production program, the „Tito“ Shipyard has become for the first time in its history a powerful enterprise for the construction of vessels, which in quality, assortment and production can successfully compete, not only with other larger shipyards in the country, but with those abroad.

#### „TITO“ SHIPYARD ON THE WORLD MARKET

The „Tito“ shipyard has exceptionally good connections with foreign customers and it is able to carry out successfully a great number of orders from abroad, even in competition with the best known firms in the world. This is the result of a gradual, although not lengthy process, in which many factors participated.

At the time when the Yugoslav economy was at a certain stage of development, the shipyard had to be directed to the temporary production of building machines. Then the question of export was discussed for the first time. The first concrete step in this direction brought recognition to the work of the shipyard. It was the delivery of a floating crane of 45 tons to a customer in Turkey. The crane was only finished and delivered in time, but it also possessed considerable advantages in comparison with the cranes of other well-known firms in Europe. The

customers' satisfaction showed that the crane withstood excellently all tests and needed no repairs after long use, although some cranes purchased in other countries needed one or more overhauls in a similar period. This success was a great stimulus for the shipyard collective in its development of connections with other foreign countries. At the same time its success was noticed among a wider circle of foreign customers, so that order from abroad became numerous and the export program of the enterprise wider. The "Tito" Shipyard is today in constant touch with more than twenty foreign firms in Europe and over-seas countries (Germany, Italy, Switzerland, Denmark, England, Turkey, Burma, etc.).

The second great success of the shipyard was the construction of the ship "Hristo Botev", which was delivered to Bulgaria. It is a tug of 2,000 HP specially built for navigation in the Djerdap sector on the Danube. Delivered in time, this tug achieved a 35% greater capacity during its trials in the Sipa Canal than was foreseen by the contract. Without the usual engine hauling, the tug managed to tow in the allotted time the barges carrying a cargo of 1300 tons of goods. It showed splendid qualities in many respects, so that buyers expressed the greatest satisfaction. The news about the tug "Hristo Botev" reached other firms abroad and the number of buyers for similar orders is increasing every day.

A third great success is expected soon. A ship of 3,200 to 4,600 registered tons ordered by an Italian firm is being con-

structed in the shipyard. The quality of this ship will satisfy the high demands set by Lloyds Register, and the enterprise hopes that it will be even better than the others in many respects.

The "Tito" shipyard enjoys a great reputation on the world market as one of the oldest and most reputable shipyards in Europe. This is confirmed by negotiations for the construction of sea ships of 8,700 tonnage for some well-known foreign firms. Although dealing with river shipbuilding, this shipyard has already become a serious competitor to the largest sea shipyards in Yugoslavia and it is able to meet all the complicated demands of the construction of sea-ships. It also possesses its own department for design and construction, and its quality, capacity and prices enable it to compete successfully on the world shipbuilding market.

#### PRODUCTION PROGRAM OF THE SHIPYARD "TITO"

In the course of its sixty year's work the shipyard has produced not only of all sorts of vessels for rivers, canals and lakes, but it can also undertake the construction of seaship. With its 25 workshops and departments the shipyard is able to construct the most complicated vessels within the shortest term. It manufactures all the equipment for ships, carries out overhauls of all sorts of floating objects and general repairs on all steam engines, cauldrons and inner combustion machines.

Here is a short review of the shipyard's production:

The shipyard builds: sea motor-ships, liners, tug-boats, motor cargo-ships, motor tankers, fast motor-boats, armoured motor-crane — electric and steam — (with motor and steam self-running drive), barges (open and closed), tanks, ferry-boats, tow-boats for sand transport, cranes, rock-grinders, wood-barges, boats (without self-running drive); special objects such as: dredgers, elevators, stowages, icebreakers, fire equipment for vessels, floating cranes, motor ferry-boats, yachts. The production list also contains the following: all sorts of ships equipment, chains of all sorts and sizes (Worthington), Duplex steam pumps (small and medium), steam winches, smaller steam ship-engines, steam valves and fittings, steel radiators for central heating, cabin (furniture (wooden and metal), etc. Within the framework of secondary activities the enterprise manufactures the following building machines: finishers, crushers, granulators, cauldrons for bitumen melting, etc.

Those interested can send their orders directly to the address of the enterprise:

BRODOGRADILIŠTE "TITO"

7. Savski Nasip

BEOGRAD Yugoslavia

Cables: BRODOGRADILIŠTE  
BEOGRAD

Phones: 20-473, 28-891

Director: 30-608





# „MOŠA PIJADE“ CABLE FACTORY SVETOZAREVO



By:

Ing. VOJISLAV BABIĆ

Director General of the Cable Factory  
„Moša Pijade“ — Svetozarevo

## I DEVELOPMENT OF CABLE INDUSTRY IN YUGOSLAVIA

The development of the cable industry in Yugoslavia if linked up with the post-war period, as pre-war Yugoslavia had only two plants of this type: the „Elka“ factory of insulated conductors in Zagreb, and the „Novkabel“ Cable Factory in Novi Sad. Both these factories were equipped with obsolete plants: „Elka“ with second-hand, worn machines purchased in Czechoslovakia, and „Novkabel“ with machines in a somewhat better condition which had been brought from Budapest.

After the war, these plants failed to answer the needs of the new electrification programme or meet the ever growing requirements for the construction of key industries, communications services etc. Aware of the country's

needs for rapid industrialization and correctly assessing its possibilities for supplying this industry with basic raw materials, the above-mentioned factories exerted the utmost efforts to help electrification projects in the reconstruction period — making the necessary adaptations and enlargements with the modest means at their disposal. In addition to the production of insulated conductors, these two factories manufactured naked copper rope and naked copper wire up to 1000 tons a year. These factories were owned by foreign capital before the war, which strictly limited their assortment of products — keeping them going for the sole reason of supplementing the quantity of cables which pre-war Yugoslavia imported for transmission of electric power for and communications.

The development of the cable industry in such progressive industrial

countries as Italy, Switzerland, Germany etc., was not based on the raw material available, as was true of the post-war development of this industry in Yugoslavia. Progressive industrial countries had developed in good time their productive capacities for the manufacture of cables and this preceded the general industrial development of these countries. These plants are considerable as may be seen from the pattern of general development of electro-industry in those countries, in which the cable industry accounts for 35–60 per cent. It is important to note that in the case of big industrial distributors and distributing networks in large cities, investments in cables often run to 75 per cent of overall investments.

A special characteristic of the cable industry, as well as the reason why its development is urged, is the great possibility of making profits — with comparatively limited investments. Statistics shows that during the world economic crisis, the cable industry alone made substantial profits.

Yugoslavia's requirements under the first Five-Year Plan already called for the development of this industry. Thus the Cable Factory in Svetozarevo was

founded — a modern factory producing cables for the transmission of electric power and for telecommunication. The factory's capacity is considerable: the processing of 18,000 tons of electrolyte copper. The economic justification for the construction of this new object lies in the existence of the solid raw material background represented by the copper and smelting works at Bor, the lead mines and refinery in Trepča, and the future Majdanpek Copper Mines. Two basic raw materials, copper and lead, make up 80–85 per cent of the material needed in the manufacture of cables. These two valuable raw materials have been on the export list until recently in the form of semi-manufactures, mostly for the cable industry.

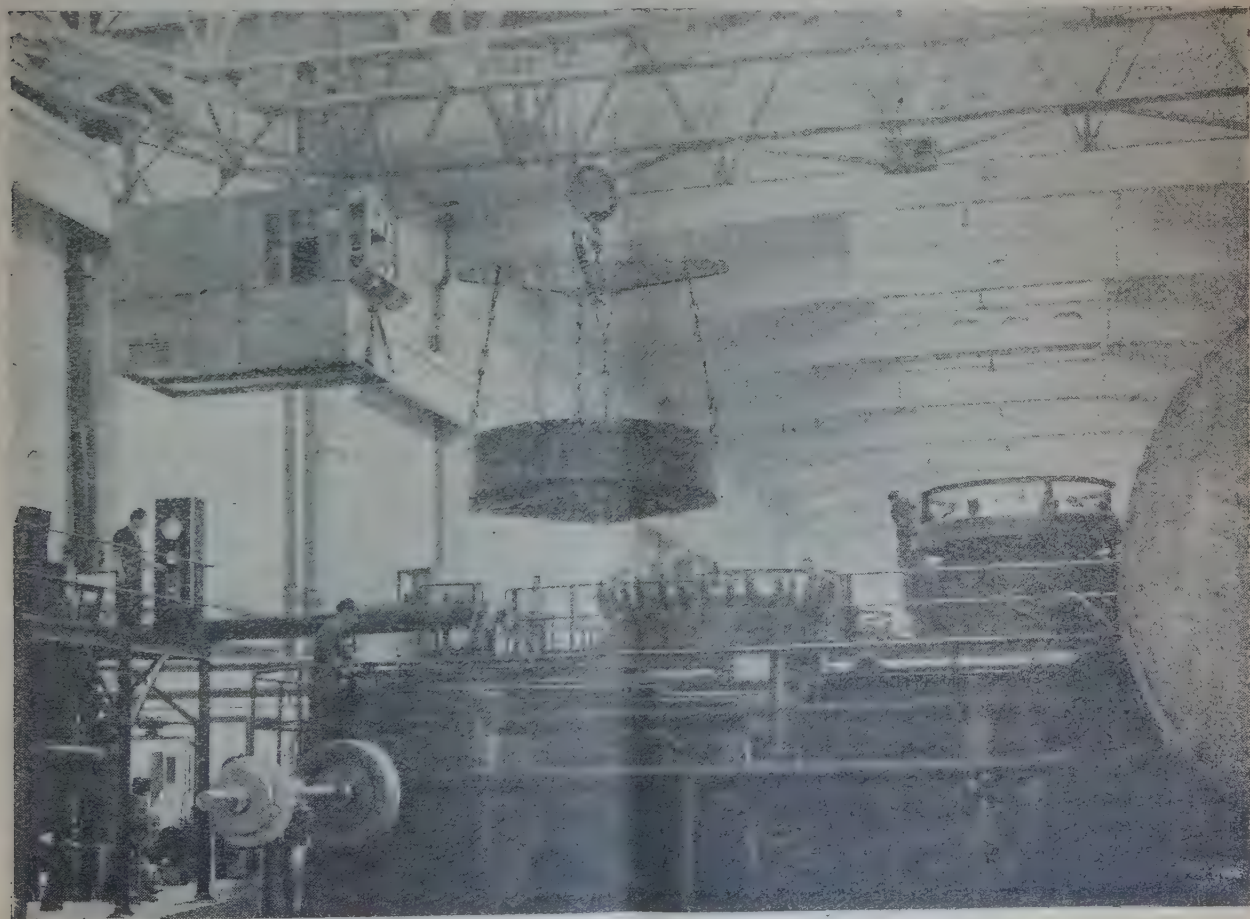
The world-famed cable industries — Pirelli — Italy, Wienkabelfabrik — Austria, Nowag, Cossonay — Switzerland, Felton and Guillaume — Germany — import 35–100 per cent of the copper they require. Other Western countries — England, France, Belgium — receive this precious raw material from their colonial possessions.

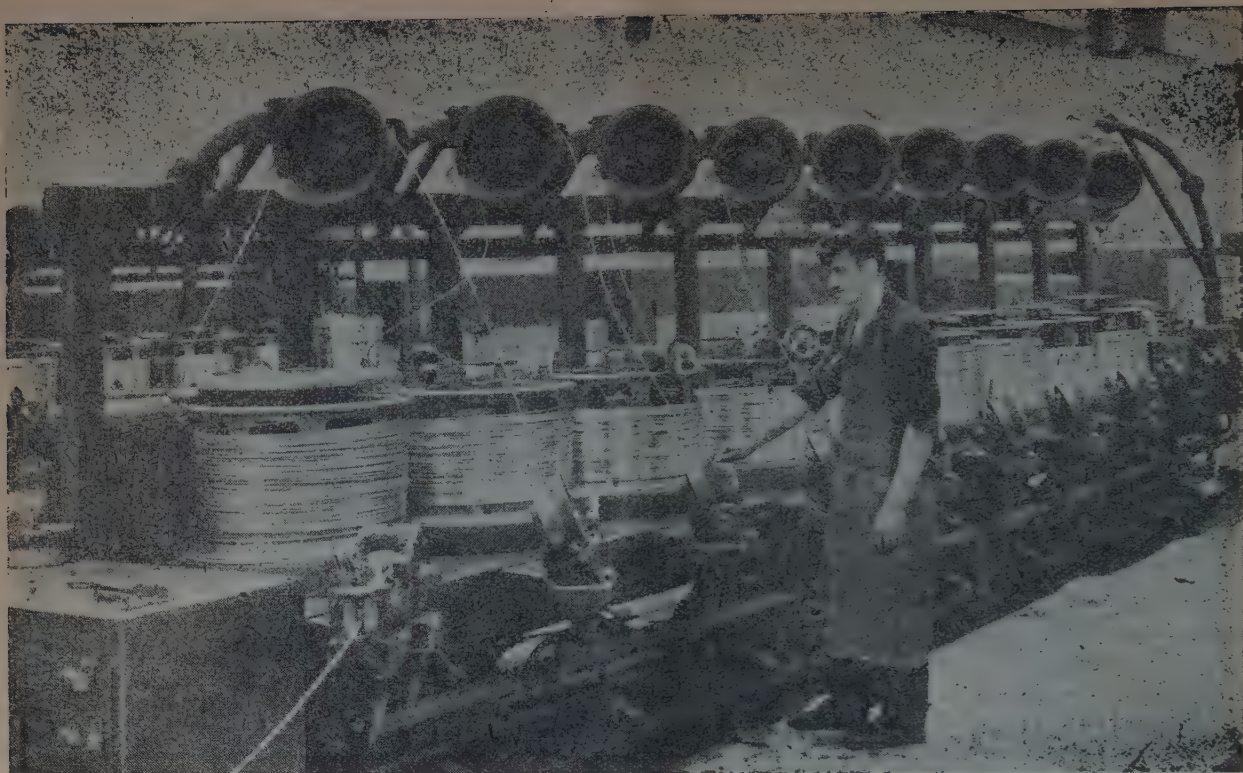
In order to eliminate the economic anomaly — the export of this basic raw material, and the import of the

same in the form of the finished product, so necessary for the development of industry and for the living standard, Yugoslavia invested considerable sums in the cable industry, and these investments have shown full economic justification.

The direct proximity of the basic raw material bases facilitates cheap transport of raw materials, while easy access to the Aegean Sea by way of the Morava and Vardar valleys places the Yugoslav cable industry in a favourable situation for supplying the Levant and the Middle and Far East with its products, and gives it a definite advantage on the market. On the other hand, Yugoslavia's requirements in cables for transmission of electric power and telecommunication, as well as in all types of conductors are very large, as practically the whole inherited network for transmission of power and communications consists of overhead lines of primitive construction and in a neglected condition. The reconstruction of the existing factories calls for very large quantities of cable

DEPARTMENT FOR INSULATING OF  
CURRENT TRANSMITTING CABLES





industry products, to say nothing of the new industrial projects and new distributing networks.

Without waiting for the construction of the Cable Factory at Svetozarevo, the Novi Sad Cable Factory and the „Elka“ Cable and Insulated Conductors Factory in Zagreb, (have considerably widened their capacity since 1945, which can be seen from their rise in output. The productive capacity of the „Elka“ factory before the war fluctuated between 550 and 600 tons of processed copper, while „Novkabel“ produced between 600 and 800 tons per annum. Assortment was strictly determined according to these quantities. In the post-war period however, „Elka“ has processed 1000–1100 tons of copper yearly, with a greatly widened assortment of conductors, while the Novi Sad Cable Factory today processes over 3000 tons, also with a rich assortment. Both factories have contributed a great deal, with their export, towards providing the State with foreign exchange means.

#### CABLE FACTORY IN SVETOZAREVO

But if we speak of the development of the Cable industry in Yugoslavia in the full meaning of the word, we must devote some space to the construction of the Cable Factory in Svetozarevo, to its productive capacities and its immediate prospects. The manufacture of cables is linked with the

production of lead covered cables both for transmitting electric currents and for telecommunication. These types were not manufactured in Yugoslavia until the Cable Factory at Svetozarevo was built, and the country had to meet its requirements in these cables by importing them. What the existence of our own cable industry will mean to our trade balance can be seen from the following example. The import of lead-covered cables for meeting the basic requirements of industrial development was as follows in the 1947–1950 period:

1947 1,230 tons;	1948 3,321 tons;
1949 2,563 tons;	1950 4,448 tons;

and this meant foreign exchange expenditures running into several billion dinars per annum. As an ever better illustration we may mention the following; the Cable Factory in Svetozarevo had to import various cables valued at 300 million dinars for its own distribution of energy.

The telephone-telegraph network in Yugoslavia is in a particularly unfavourable position as nearly 98 per cent of its communications are overhead lines which are unreliable as even the least atmospheric disturbance may hinder or obstruct TT connections. The quality of overhead transmission is bad, while the maintenance of the network calls for the greatest exertions of the personnel, in addition to considerable expense. Today Yugoslavia uses 600–800 tons of naked conductors an-

#### PRODUCTION OF COPPER WIRE

nually for the maintenance of the existing networks of this type. The building of cities and industrial plants, as well as general development, call for a radical solution of the problem of the TT services, as well as that of international transmission, for which the shortest cut in linking Central Europe with the Middle and Far East is through Yugoslavia. Unable to provide a sure, good quality as well as quantitative international transmission, the Yugoslav TT service is losing substantial foreign currency from year to year. It is also well-known that the number of telephone subscribers in Yugoslavia is far below the European and world average, which means a great loss in view of the incalculable benefits provided by type of communication. This question, so important for the country's economy, can be basically solved only by introducing cables in the local, interurban and international connections which will ensure the necessary reliability and good quality and quantity of the transmission.

In view of the above situation, the Cable Factory in Svetozarevo is faced with, the solution of two problems, namely

- a) distribution of electric power by cable and
- b) providing the TT service with modern cables.

It should be pointed out that this factory is not the usual type of cable factory, but it is really an industrial combine, almost completely independent in the processing of all raw materials.

In order to ensure the application of modern technology and manufacturing processes the factory has organized up-to-date laboratories, both chemical and mechanical, including a laboratory for electric tests, a laboratory for testing textiles and paper, and another for rubber and thermo-plastic material tests.

The building and completion of the Cable Factory, as well as its setting in operation, constituted the first phase in the development of the cable industry in Yugoslavia.

The second phase of development, in which we are now, is that of mastering the widest assortment of all types of naked conductors, ropes, current transmitting cables, telecommunication cables, signalling cables, conductors insulated with rubber and thermo-plastic materials, all kinds of dynamo wire etc.

The results achieved so far have shown that home-trained cadres are

capable of carrying out, maintaining and advancing this type of production, as testified by the trial operation with which the Svetozarevo Cable Factory ensured an output of thousands of tons of copper and aluminium ropes for electro-economy, millions of metres of PVC-insulated conductors, and dozens of tons of enamel wire, providing the Yugoslav TT service with cables, telephone paper-insulated cables with lead covering, in addition to turning out by-products such as processed brass, lead pipes, steel ropes for various purposes etc.

The third stage will consist of the

complete mastering of technological processes, creation of assortment, the complete fulfilment of domestic requirements and attention to the increase of exports, which will result in a considerable improvement of the country's foreign trade payment balance.

## II

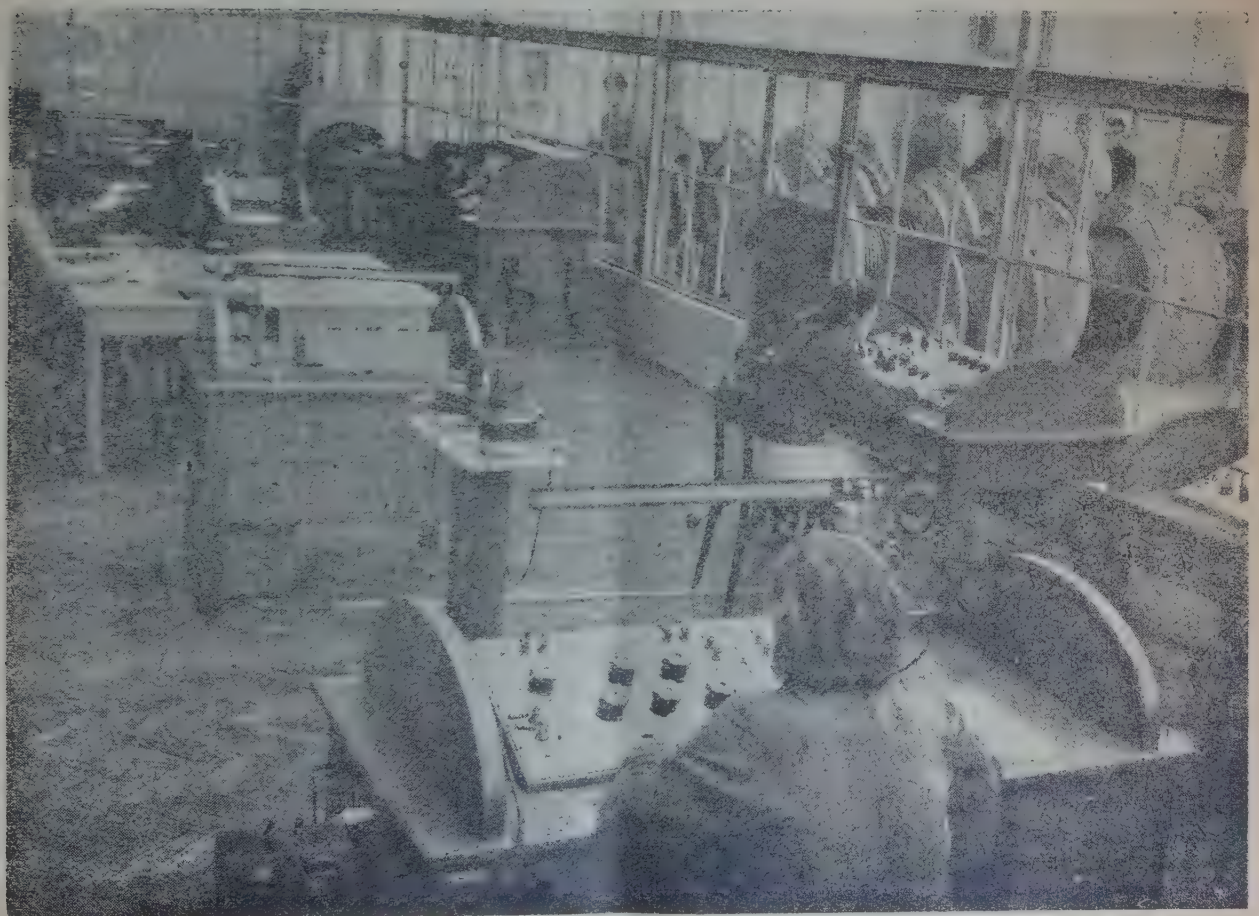
1955-1958

Since its setting into operation (with individual plants) toward the end of 1955 the Cable Factory in Svetozarevo has shown the following balance sheet indexes:

	Realizations:			Plan:
	1955	1956	1957	1958
1. Volume of production	100	170	225	239
2. Utilization of plants	30	62	88	95
3. Increase of overall income	100	253	394	498
4. Increase of exports	100	490	896	1290
5. Increase of income of enterprise	100	256	395	517
6. Increase of manpower (persons employed)	1964	2539	3270	3450

As a result of the dynamism of movement shown above a considerable rise occurred in the productivity of labour per employed person according to various measures:

STATION FOR TESTING OF TELECOMMUNICATION CABLES





Increase of productivity of labour (per one employed person)	Realized				Dynamism of exports		
	1955	1956	1957	Plan 1958	Year	in millions	Index
1. According to volume	100	132	135	136	1955	1,409	100
2. Volume of value	100	196	237	284	1956	6,899	490
3. Income per employed person	100	198	237	294	1957	12,623	896
					1958 (plan)	18,173	1,290

Of great significance for envisaging the economic success of the industry is a comparison of the volume of production with the corresponding dynamism of the overall income.

*Dynamism of Rise of Overall Income  
in Relation to Increase of Volume of  
Production*

Physical Volume of Production			Indexes		
Year	Tons	Index	Year	Physical	Value
1955	40,000	100	1955	100	100
1956	68,000	170	1956	170	253
1957	90,000	225	1957	225	394
1958 (plan)	95,700	239	1958 (plan)	239	498

Dynamism of Overall Income		
Year	in millions	Index
1955	6,445	100
1956	16,320	253
1957	25,411	394
1958 (plan)	32,124	498

An explanation for this rise should not be sought in the increase itself of the volume of production, but rather in the definite assortment of the newly-mastered products, in the first place construction articles on a high level of treatment.

The steady rise of exports, as well as their extent in absolute amounts is a proof that the products of the Cable Factory are selling well abroad.

It should be put on record here that in a very short time the Factory began to export its goods to 18 countries viz: Austria, Rumania, Syria, Lebanon, Holland, India, England, Burma, Poland, Uruguay, Greece, USSR, Egypt, Pakistan, Ethiopia, China, Arabia, Indonesia.

Increase of the volume of production and its value, as well as improved utilization of plants, has resulted in a considerable rise of the productivity of labour which is ascertainable from the following reviews:

Volume of Production		Kgs per employed person			
		1955	1956	1957	1958
— basic raw materials		13,56	14,79	15,06	15,22
— Index		100	109	111	112
— Total production		20,37	26,78	27,52	27,74
— Index		100	131,5	135,1	136

Value of production		In thousands per 1 employed person			
		1955	1956	1957	1958
— Total income		3,282	6,428	7,771	9,311
— Index		100	196	237	284

Income per employed person		in thousands per one empl. person			
		1955	1956	1957	1958
— realized income		916	1,815	2,174	2,696
— Index		100	198	237	294

All the indicators and figures for 1955, 1956 and 1957 represent realized values.

The results achieved so far are completely satisfactory and thanks to the successful development of the assortment, all home requirements have been met.

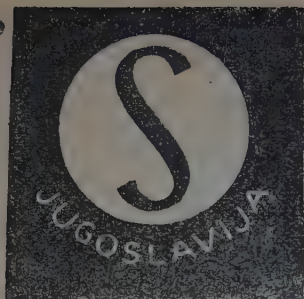
Meanwhile, according to prevailing market conditions, the existing capacities of European factories in the cable industry are not meeting the needs of the market, which is evident from delivery terms oscillating between 6 and 16 months. This state of affairs favours the development of the Yugoslav cable industry and offers greater prospects for the export of its articles. The markets of the Near East and Middle East countries were dominated, before the Second World War and to a considerable extent after it, by German, Czechoslovak, French and Italian cable industries, but Yugoslav advantages in raw material bases, as well as the geographical situation, will certainly be reflected favourably on the placing of Yugoslav goods in the face of the competition.

Certain circles consider that regulation of international relations and the decreased use of copper in the armaments industry will cause dislocation on the cable market, lead to a fall in prices, and strengthen competition. This view is one-sided, as means earmarked for armaments must — and certainly will — be used for the much more useful purposes of building and improvement of living conditions, for the creation of new industries, communications, TT connections etc., which mankind is eagerly awaiting, so that the cable industry products, which are of great importance, will undoubtedly have wider opportunities for marketing, and their manufacture will enjoy greater influx of raw materials, which have been restricted and allocated in the past. The removal of embargo on copper as a raw material will mean prosperity and development, while every new step towards the regulation of world conditions will reflect favourably on the economic situation.

Cable Factory „Moša Pijade“ of Svetozarevo exports its products through the enterprise for import and export of equipment „INVEST-IMPORT — Beograd.



STORING OF READY GOODS



# SEVOJNO COPPER AND BRASS MILLS

## SEVOJNO

Yugoslavia is an extremely rich country in mineral wealth. Her well-nigh inexhaustible resources which lie hidden beneath the earth's crust have still not been completely explored or located and only a small part is as yet exploited. In this respect, it is necessary to make a brief comparison between the situation which prevailed in pre-war Yugoslavia and that which characterizes the present level and development of Yugoslav economy. Before the war, under conditions of general backwardness, Yugoslav industry was on a very low level. The exploitation of mineral resources was for the most part concentrated in the hands of foreign firms and companies, which earned immense profits at the expense of the economically under-developed country, which was obliged to export raw materials, and unfinished products. Yugoslav copper, lead, manganese, bauxite and many other minerals were sold abroad unprocessed and at low prices, while the Yugoslav economy depended on the purchase of the same minerals in the form of finished products at disproportionately higher prices. It was thus that the national income flowed out in two directions: to the foreign stockholders, i. e., the direct participants in the exploitation of Yugoslav mineral wealth, and to the firms who processed and resold her own minerals back to Yugoslavia.

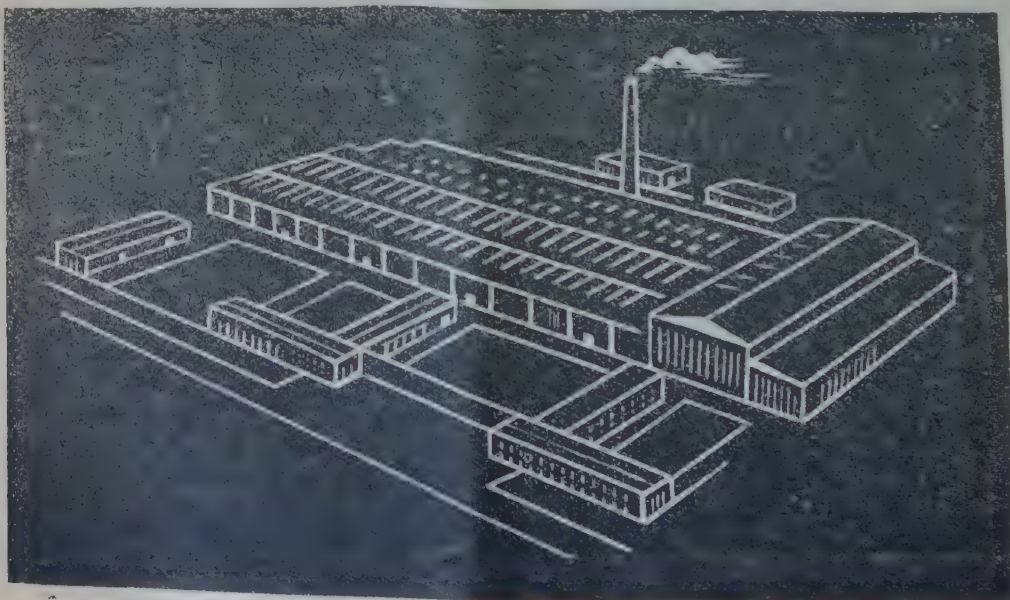
This situation was completely altered in the post war period. The rapid rhythm of

industrialization changed the complexion and character of the Yugoslav economy. The backward, predominately agrarian Yugoslavia developed into one of the more advanced European industrial countries. The planned and systematic exploitation of fresh mineral reserves and the expansion of those available was begun. The foundations were laid for those industrial branches which were to process the minerals mined, and thus make possible an essential and far-reaching change in the structure of Yugoslav exports. This meant, on the one hand, that the import requirements for various semi-manufactures and finished goods would be notably reduced and in some cases even completely done away with (in view of the fact that in addition to the necessary minerals the country had now acquired the factories for their processing), and on the other, that raw materials would no longer represent the staple Yugoslav export, but would be replaced by semi-manufactures and finished products.

Yugoslavia is one of the foremost copper producers in Europe, and this fact has contributed to vigorous development of the electrotechnical industry, the machine building industry and the chemical and other industries which consume copper and copper products in large quantities. The Sevojno Copper and Brass Rolling Mills is one of the largest post-war industrial projects of this kind and came into operation

a few years ago. The following figures will best illustrate the size and capacity of this project: half a million cubic meters of earth were moved during the ground and construction work on the Sevojno Mills; 30,000 cubic meters of concrete were used, 4,000 tons of steel girders were used for the roof structure and crane tracks etc. The steel structural parts in the installed machine plant weigh over 12,000 tons; 70 kilometres of cable were laid underground, while the electrical power system has a capacity of 27,000 KW. Construction of the Mills was begun in 1950, while the project came into operation four years later, in 1954. The Mill is six kilometres from Titovo Užice and is situated on the narrow gauge Belgrade—Sarajevo railroad. The main hall of the Sevojno Mills has a surface area of 42,000 square meters. In a few years time Sevojno will be served by the normal gauge railroad which is to link Belgrade with the port of Bar on the Adriatic. With a capacity of 24,000 tons of various rolled materials and finished products and up-to-date machinery and equipment, the Sevojno Copper Mills is one of the most modern projects of this kind, not only in Europe but in the whole world.

A brief survey of the main plants and departments will help to give an accurate picture of the size and capacity of the Sevojno Copper Mills:



## THE FOUNDRY

Production in the Sevojno Copper Rolling Mills is organized in accordance with the latest principles of continuous technological process from the initial to the final stage. In the process of continuous production the correct distribution of machinery and installations and rational utilization of materials guarantees maximum economy and efficiency. The foundry, materials economy and moulds, is engaged in the execution of mechanical operations, is equipped with special installations for continuous casting which represent the latest word in modern metal engineering. There are very few rolling mills in the world with similar installations or in a position to compete with this, either in quality of the materials processed or in quality of the products themselves.

It is true that two plants in Europe and several in America are also equipped with installations for continuous casting. It should be stressed however that their capacity, apart from a comparatively obsolete technological process, allows of the moulding of castings only under 600 kilograms. There can be no doubt that the advantage of Sevojno over its competitors is substantial, especially at present, when industry, parallel with the steady increase of automation, is utilizing much bigger "charge" of material thus requiring less frequent "feeding" of the automatic machines, which means lower production costs.

Well aware of the fact that production of quality plates, sheets, strips, rods, tubes etc., begins at foundry level, the constructors of the Sevojno Brass and Copper Mills spared no expense in providing it with the most up-to-date machinery and equipment.

1. A battery consisting of seven low frequency RUSS type furnaces has a smelting capacity of 36,000 tons of copper and all types of copper alloys annually, with a minimum consumption of electric power.

2. Two "JUNGHANS" machines for continuous casting of billets and cakes of high metallurgical quality — great density, fine crystalline structure and full homogeneity — thus guaranteeing excellent mechanical properties and malleability.

3. The assortment of the foundry is extremely rich and varied. The following types of copper are cast:

rolling copper (standard commercial type)  
electrolytic copper  
high conductivity copper  
phosphor copper  
cadmium bearing copper  
arsenate copper

as well as all other types of copper according to international standards: ASTM, SS, DIN and according to specification. A wide range of copper alloys are also cast such as, — MS 58, Ms 60, Ms 63, Ms 70, Ms 72, To 85, To 90, as



well as special alloys, i. e., So Ms 70/291 and So Ms 76/22/2 for condenser tubes.

The continuous casting machines are capable of turning out all the above mentioned alloys either in billets with a diameter of 105 mm,  $\phi$  169 mm,  $\phi$  202 mm,  $\phi$  246 mm, and  $\phi$  305 mm, or in plates of the following dimensions: = 125 x 600 mm, = 125 x 814 mm, and 167 x 600 mm in corresponding lengths and weights up to 1000 kilograms and over.

The production costs of the foundry are notably reduced by its other modern installations, such as an automatic charge preparing machines, automatic billet working lathes, automatic milling machines for rolling slabs, slag mill etc.

## THE ROLLING MILL PLANT

The hot and cold rolling tracks cover almost half the rolling plant, which has a surface area of 4.5 hectares. After passing through the heavy rolling installations, furnaces and cleaning machines, as well as a series of other installations for hot and cold rolling, the ingots are transformed into various types of metal sheeting ranging from thick plates for locomotives to the finest foils. It is known both on the home and foreign market that the rolled products of the Sevojno Mills have an excellent material structure, uniformity of dimension and flawless surface, free of any external defect. Strips for refrigerator and luxury goods as well as special purpose strips have won particular distinction.

The rolling mill plant is equipped with the most up-to-date hot and cold rolling machinery for the manufacture of plates, sheets, strips, foils, discs and rounds on a continuous production basis, thus guaranteeing uniform standard quality, both with regard to metallurgical and dimensional properties and surface finishing.

The quality of hot rolled materials is ensured by an up-to-date milling machine for the removal of cast scale, electric heating relays equipped with pyrometers, and automatic precision relays which ensure an even and thorough heating of ingots weighing under one ton, as well as a modern hot two-high mill of large capacity with automatic controls and auxiliary equipment (brush for the removal of scale from ingots, pit for the soaking of hot rolled plates over 8 mm of thickness and all widths up to 1,400 mm, and shower for the rapid cooling of hot rolled strips).

The milling machines for hot rolled plates, and the continuous plant for the pickling, washing, brushing, drying and control of hot rolled strips ensure a flawless surface of hot rolled materials, which are then conveyed to the cold rolling mills for further treatment.

The high quality of all types of cold rolled sheets from 0.2 to 10 mm thickness and all widths up to 1,000 and 1,350 mm is guaranteed by the modern four-high mills with electronic controls of strip thickness, which enable the maintenance of minimum tolerances. The electric annealing kilns for controlled baking, continuous pickling installation and continuous strip annealing and washing equipment secure uniformity of metallurgical properties and perfect surface. Bright annealing of foil strips in modern cupola furnaces with a controlled atmosphere is also carried out. Continuous casting strip pressing, rolling, and heat treatment in electric furnaces with automatic temperature control turn out homogenous materials for the stamping of all types of rounds for small arms and artillery ammunition.

Sevojno is particularly proud of its specially equipped four-high foil mill for the manufacture of the finest copper foil down to 0.01 mm thickness and brass foil down

to 0.02 mm thickness and in all widths up to 600 mm.

This brief description testifies that the Sevojno Mills are in a position to produce all types of quality plates (for condensers, locomotive fire-boxes, electric rail roads etc.), copper and brass strips and foils (for the motor industry, watch factories, all types of deep drawing etc.) all under strict compliance with the best known international standards such as ASTM, BSS and DIN as regards quality and tolerance, or in accordance with customers' specifications.

## THE PRESS SHOP

Equipped with vertical and horizontal hydraulic presses, drawing benches and other machines the press shop turns out brass rods, a wide assortment of tubing in almost all dimensions according to international standards, as well as special tubes of special alloys, rollers for the textile industry, etc.

The press shop is equipped with several hydraulic presses of high capacity: a vertical hydraulic press of 630 tons, a horizontal hydraulic press of 1,500 tons, a horizontal hydraulic press of 1,500 tons, a horizontal hydraulic press of 2,400 tons and a horizontal hydraulic press of 3,500 tons.

All types of rods, tubes and a broad range of sections are expressed from billets with diameters from 98—305 mm on these presses.

The hot expressed material is then conveyed for cold treatment to the drawing department which is equipped with a large number of drawing benches whose capacity ranges from 3—50 tons. Within a very short time this department succeeded in mastering the production of almost all standard copper and brass items in the field of drawn materials, as well as many special products.

The chief products of this department are as follows:

### Rods and Sections

Ms 60 round rods and sections for lathe machining according to ASTM designation: BSS 249 standards.

Ms 60 round rods and sections for lathe machining according to ASTM designation: B 16, B 249 and DIN 1776.

Copper round rods and sections for general purposes according to ASTM B 133—52, or DIN.

Copper rods and sections for electrotechnical purposes according to ASTM, BSS and VDE.

As Cu rods for stay bolts according to ASTM, BSS and DIN.

### Tubes

Brass tubes according to ASTM: B 135—52 and ASTM B 251 or according to BSS and DIN standards.

Copper and brass condenser tubes according to ASTM: B 111—52 or BSS 378 or DIN 1785.

Copper locomotive boiler tubes according to ASTM B 13—49 and BSS and DIN.

### Special Products

Copper rollers for the textile industry.

Special brass rods for cartridge manufacturing.

In addition to the above-mentioned products, all other semimanufactures of copper and copper alloys are manufactured, both according to ASTM specifications and other recognized standards, as well as special requirements.

All products are manufactured in strict compliance with the prescribed tolerances, and a factory certificate is issued with each delivery.

## THE LABORATORY

The superior quality of all products of the Sevojno Copper and Brass Mills is further ensured by the most up-to-date laboratory equipment for the control and testing of finished products at all stages of manufacture. The tests are carried out in the Mill's own laboratories, which have the most modern equipment for the chemical, metallographical, mechanical and physical analyses of metal products. The tasks of the laboratory are as follows:

1. Continuous control of the individual foundry departments, control of concentrate and pickling tanks, control of electrolysis plant, control of waste waters and the analysis of safety gas.

2. Control of individual plants by means of chemical and metallographical analyses.

3. Control of semi-finished materials at various stages of production as well as the control of finished products.

The laboratory consists of the following departments: mechanical test shop, mecha-

nical laboratory, chemical laboratory, metallographical laboratory, physical laboratory and department of technical control. In all these departments tests are carried out by the most up-to-date methods. In addition to the standard apparatus, there are also special installations such as X-Ray and supersonic apparatus.

## SAFETY APPLIANCES AND RECREATIONAL FACILITIES

The staff of the SEVOJNO Copper and Brass Mills have not only combined the century-old Yugoslav traditions in the field of non-ferrous metallurgy with the latest achievements of science and technology, but have also made ample provision for safety, health and recreational facilities. For this purpose, all departments are equipped with numerous mechanical and automatic devices which facilitate the working process and make for greater safety in the complex metallurgical operations.

In this context one should mention the modern health, medical and cultural facilities provided for, such as a clinic, up-to-date locker-rooms, a spacious workers' restaurant and dwelling houses. Particular attention is devoted to the cultural life of the workers: there is a cinema and a hall for amateur dramatics, club-rooms and trade union premises, and classrooms for the technical training of young workers.

All these factors contribute to the promotion and advancement of the technical standards of the working collective of SEVOJNO, while the steady growth of demand for its products on the world markets testifies to the success achieved by enterprise in the field of non-ferrous metallurgy.



## PRODUCTION CAPACITY AND THE WORLD MARKET

Ten years ago during the draft of the general plants of the SEVOJNO Copper and Brass Mills, the production programme and the assortment of this project were fixed in accordance with Yugoslav requirements in semi-finished copper and brass materials at that time. Immediately after coming into trial operation, 70 per cent. of the Mill's capacity was used for the requirements of the military industry, while 30 per cent catered for specialized home industries.

The sustained development of industry and technology throughout the world, as well as in Yugoslavia, led to the productions from 1956, of a better and wider assortment of rolled and drawn products in Sevojno. On the foreign market, on which the Mills made their debut in 1956 with 1,540 tons of finished products, conventional armaments are being replaced by nuclear weapons, while automation and application of electronics in industry stimulate and increase the demand for new special highly conductible copper alloys.

It is understandable that the vast and sudden changes on the market had no little effect on the nominal capacity of the Mills, which was originally slated at 2,000 tons annually. After switching to a finer assortment, however, even when working at full capacity, (the present ratio of capacity utilization in Sevojno is 108 per cent) this target could not be achieved. Total production in 1957, therefore, was planned at about 15,000 tons of various products. During the first half of 1957 the Mills yielded 7,650,311 kilograms of finished products against 4,449,873 kilograms in the same period of 1956, this exceeding the half-year production plan by 2 per cent. At the same time, in view of the fact that a wider and finer assortment was accomplished than that originally foreseen, the plan was exceeded by 11.54 per cent in terms of value.

Annual production will settle at a level of approximately 15,000 tons during the 1957/1961 period. But owing to the gradual improvement of the assortment in favour of fine quality articles, the value of annual output is scheduled to increase appreciably. Thus the gross product of the factory will reach about 17 billion dinars in 1957, 17.9 billion in 1958, and 20 billion in 1961.

Although it came into operation only three years ago, the Sevojno Copper and Brass Mills has already gained an enviable reputation owing to the quality of its products. Keen interest prevails for the latter both on the home market, whose requirements Sevojno is in a position to satisfy completely, as well as on the foreign market. Sevojno exports its products to the USA, Switzerland, Sweden and Holland; Syria, the Lebanon, Egypt, and other

countries of the Near and Middle East; to India, Pakistan, Indonesia, Burma, China, and other Far Eastern countries; to Africa, including the Union of South Africa, Tanganyika, Uganda, Sudan, Tunisia, and Morocco; its principal Latin American customers are Brazil, Uruguay, Paraguay, Argentina, and Venezuela. Deliveries have also been despatched to almost all the East European countries. Some of the above-mentioned countries, such as France, Italy and Austria, are themselves producers of these articles, but they nevertheless import the products of the Sevojno Copper and Brass Mills.

Although a comparatively new enterprise, owing to its modern equipment and highly skilled staff (many of its technicians have specialized in similar plants abroad) Sevojno is already in a position to satisfy its customers in every respect. All the necessary conditions exist for the further development of the technological process, the expansion of the assortment, and the further improvement of quality. To this end preparations for the installation of special machinery for the high polishing of copper and brass sheeting and strips have already been begun, in response to the strong demand for articles of this quality among foreign consumers. The possibility of increasing the production of thin-walled brass and copper tubes is now being examined, as the world market is deficient in these products. For the time being Sevojno is not in a position to satisfy the requirements of foreign customers who send in inquiries and orders for these articles almost daily. The production of special alloys for deep extruding (for the requirements of the electric power industry) as well as special alloys for the manufacture of costume jewellery is also in view.

The Mills can also deliver large quantities of copper and brass sheeting and strips in dimensions and qualities required. The terms of delivery for these products are also very favourable.

As for copper and brass tubes, which are produced on a vast scale, one must count with somewhat longer terms of delivery, especially when thin-walled tubing is required. This is due to the strong demand for these tubes on all markets, so that the output is always booked three to four months in advance. For thick-walled tubes (over lumm thickness) and especially for 85/15 alloys the factory is in a position to guarantee excellent quality, speedy delivery and other favourable conducts required by customers.

In addition to the aforementioned products, which account for the greater part of output, the Mills can also deliver copper and brass discs, copper wire (pressed and drawn), rounds, various sections and rails as well as other semi-finished products required by customers.

On conclusion of each order the Sevojno Copper Rolling Mills invites the customer to name the agent which will superintend and take over the goods in the factory prior to shipment. The Mills can provide the type of packing required by the customer for each individual product.

In accordance with experience acquired so far the Sevojno Copper and Brass Mills has already drawn up a programme for the increase of export articles. All measures have been undertaken to ensure the continuous improvement of quality and adjustment of the assortment to the requirements of Yugoslav and foreign consumers.

Thus the Sevojno Copper and Brass Mills is wholly capable of successfully fulfilling its 1958 programme.





# TIMBER COMBINE

## „BORA MARKOVIĆ“

### ZABREŽJE — OBRENOVAC — YUGOSLAVIA

Yugoslavia, undoubtedly, is one of those countries whose greatest national wealth lies in large areas of woodlands. Owing to this, the timber industry in Yugoslavia has always been well developed and the exports of timber the chief source of foreign currency income. But, although there is a certain continuity of uniformity in Yugoslavia's relations with foreign markets, there is in this respect a great difference between the pre-war period and the present Yugoslav industrial development. Before the war, timber used to be exported in large quantities, mainly in the unprocessed form. The reason for this was the lack

of timber processing factories and partly also the policy of foreign trade which did not pay enough attention to the differences between the exports of raw materials and finished or semi-finished products. If we bear in mind also the unplanned exploitation of forest wealth, it becomes clear that Yugoslavia then greatly decreased her national income by selling her timber in such a way.

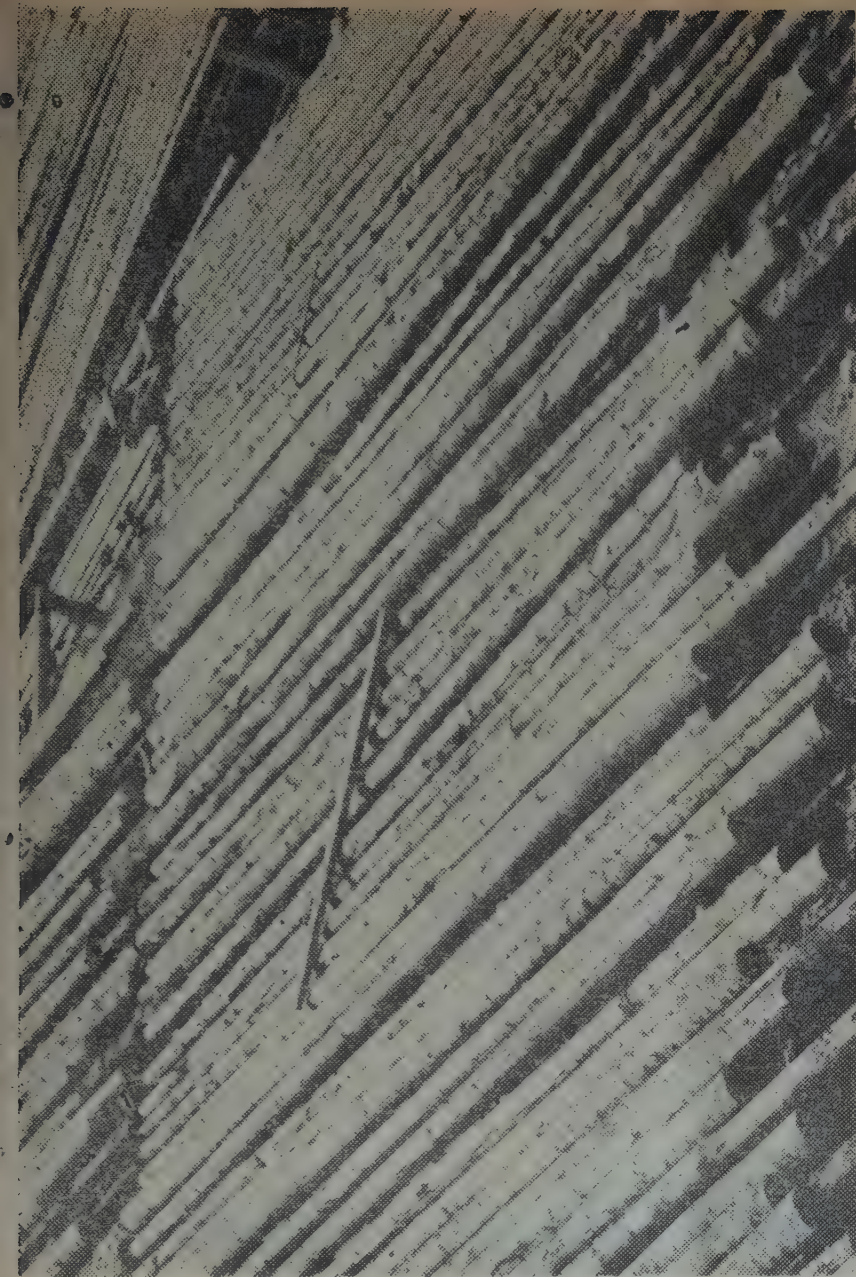
A new policy in forest exploitation was introduced immediately after the war, but even then there were cases of irrational exploitation of this wealth. However, industrial development was gradually changing the

structure of timber exports, and ever greater quantities of processed timber were exported. Also introduced was the planned exploitation of forests, so that the felling of timber and the need for the renewal of woodlands was gradually harmonized.

Although great efforts were made in the post war period to develop heavy industries which had to provide the basis for general development in Yugoslavia, the development of the timber industry was not neglected, primarily because it supplied a large part of Yugoslav exports. At the beginning of this development, the existing plants and sawmills were reconstructed and enlarged, and then new plants built. It was this policy that led to the changes in the structure of Yugoslav timber exports, because the new and modernized plants began to make greater use of the timber wealth. This, in fact, was the beginning of the planned exploitation of forest wealth, so that the variety of semi-finished and finished timber products was greatly increased. It was then that timber began to be economically exploited in Yugoslavia.

At the same time, foreign markets for Yugoslav timber were considerably expanded. While before the war the chief Yugoslav customers were the countries which had their own timber industry and which processed the raw material bought in Yugoslavia, after the war Yugoslavia began to sell finished wooden products to countries which have no timber industries of their own. As a result, the Yugoslav timber industry was encouraged to develop, and now it occupied a prominent and important place on the world timber market.





THE „BORA MARKOVIĆ“ TIMBER COMBINE IN ZABREŽJE NEAR OBRENOVAC is undoubtedly one of the largest timber industry establishments in Yugoslavia.

At the time when it was founded, i. e. before the First World War, the timber enterprise in Zabrežje was a small factory with a couple of dozen of workers and primitive equipment. In five decades, this enterprise grew together with the general economic development of Yugoslavia, and that means that it passed through two clearly defined phases of development. In the first period, which extended to the end of the Second World War,

the combine developed slowly and it never became a strong establishment. However, this period was of utmost importance for the training of personnel who are today carrying the tradition of the last five decades. In the post-war period, when the enterprise was given the name of the national hero, Bora Marković, who organized the insurrection against the invaders in Zabrežje, the enterprise underwent considerable changes, both in its structure and business. It was then that successful efforts were made to expand the enterprise, which now employs more than one thousand workers in its different sections — sawmills, ve-

neer factories, carpentry shops, packing material workshop, cooperages and road and water transport. The Enterprise is equipped by modern machines and is one of the most advanced establishments of the Yugoslav timber industry.

The „Bora Marković“ Timber Combine has the right to exploit inexhaustible areas of woodlands in Serbia, Montenegro and Bosnia-Herzegovina. In Serbia mostly deciduous trees are used and conifers (fir and juniper) in Montenegro and Bosnia-Herzegovina. Timber from these regions is well known by its quality and is in great demand, both at home and abroad. Having its own forest exploitation sites and transport facilities, the „Bora Marković“ enterprise is in a position to supply customers with required products at short notices. Timber from the forest areas is transported to the enterprise, which stands on the banks of the Sava river near Obrenovac in rafts along the following rivers: Lim, Tara, Cetina, Drina, Sana, Una and Sava. Modern installations for the unloading of timber make it possible to transport it quickly to drying and processing plants.

Production in the enterprise is organized in a contemporary manner and is carried on in:

**SAWMILL.** This plant produces various kinds of sawn timber (white, ash, oak, steamed and ordinary birch, steamed and ordinary walnut, elm, fir etc.). The capacity of the sawmill is great, and it can satisfy the need of its foreign buyers and supply goods of an unequal quality in the world market. Sawn timber is the chief export article of the enterprise, and the sawmill makes greatest contribution to its gross product.

**VENEER WORKSHOP.** This department turn out all kinds of veneer which is one of the most important export items of the enterprise. Poplar and other veneer and panel boards are made of the best quality raw materials and they are highly valued by all customers. The reason for this is: first, the raw material used for the production of veneer is known as timber without competition in the world, second, the installation for the production of veneer are of most modern design, and, third, men who handle

these installations possess the knowledge and experience necessary in the manufacture of veneer.

#### PACKING MATERIAL WORK-

SHOP. This workshop makes packing material for export, either finished or in parts. The variety of products is great, and production can be adapted to the requirements of customers, since, in addition to standard products, the workshop makes packing cases to the specifications of the buyers. So far, the enterprise has been making special packing cases for Jaffa oranges, seed, eggs, slaughtered poultry, various fruits etc.

COOPERAGE. This workshop makes beech barrels for pulp, oak barrels for wine, transport barrels and other

kinds of barrels and vats for the conservation of foodstuffs. Products of this workshop are also in great demand in the market.

#### CARPENTRY WORKSHOP.

This department produces mostly building material, but it also makes various kinds of furniture. Although the building material which the workers of enterprise build on new projects is the chief product of the workshop, it also manufactures house and office furniture, etc. All products are made of wood from the enterprise's own forest exploitation sites.

#### Affirmation on the Market

Although before the war it was a sawmill, the „Bora Marković“ Timber Combine has good connections on

the world market which it established in the last fifty years. There are in Yugoslavia several similar enterprises, but the „Bora Marković“ enterprise has its own markets. This is, no doubt at all, due to the high quality of its products and sound business, and enterprise is greatly respected on the market.

In addition to the home market, where the demand for timber is presently greater than the production capacities, the „Bora Marković“ enterprise has its regular customers in the following countries: Western and Eastern Germany, Hungary, Italy, Switzerland, Czechoslovakia, Britain, France, Israel, Holland, the Soviet Union, Rumania etc.

The chief articles exported by the enterprise are: veneer, sawn timber and packing material. It must be mentioned here that some of these products are of the well known and valued Kolubara white ash (which is used in the manufacture of furniture, buses, skis etc.), as well as of other high quality wood which are not easily procured in the world market.

At present the enterprise is expanding its old and building new production capacities, and its production will constantly be growing so that it will be in an ever more favourable position to accept increasingly greater orders from abroad.

Foreign firms can apply for all informations needed directly to

„BORA MARKOVIĆ“  
TIMBER COMBINE  
ZABREŽJE NEAR OBRENOVAC  
YUGOSLAVIA

or to the „RUDNIK“ Export-Import Enterprise, Beograd which has its own agents in the following countries:

ENGLAND: LONDON, Hadon House Street 149-151, W I.

ITALY: MILANO, Via Unione 2, FREID, etc...



Moscow, is characteristic of the new mood for reorientation of the Atlantic Pact policy and its change of heart on European security, which were manifested in the European Western Bloc quarters. In these lectures Kennan pleaded for the abandonment of the policy pursued from the position of force and for seeking understanding with the Soviet Union, the knotty German problem might be eliminated. He suggested the creation of a military neutral zone in Western Germany. Ambassador Kennan's conceptions put a question mark to the whole American plan of the atomization of the European Atlantic Pact sector. But the fact that his ideas attracted great attention in Western circles and met with unconcealed sympathy especially in British and West German opposition quarters, is not devoid of political significance. This reception has shown that American strong-arm policy no longer enjoys undivided support in Europe.

Just before the Atlantic Pact session two steps came from the eastern side which should have led to increased readiness for negotiation among the European Atlantic Pact members. One of these, taken by the Polish Government through its Foreign Minister, Rapacki, had certain similarities with Kennan's proposal. It suggested an agreement on the atomic demilitarization of Central Europe which would embody the whole territory of Germany, Poland Czechoslovakia. Such an agreement would undoubtedly facilitate the problems of disarmament, of Germany, and of European security. The second step was taken by the Soviet Government, and set forth in Bulganin's letters, which drew the attention of the Western countries to the danger inherent in the atomic armament race and in the plan to turn Western Europe into an atomic base of the Atlantic Pact, and proposed a series of measures for opening negotiations and lessening international tension. The Soviet Government had made similar suggestions earlier, but this latest was more effective as it was accompanied by other conditions.

All these factors led to two conflicting manifestations in the Atlantic Pact Council: the Americans, advocated the plan of strengthening the Atlantic Pact atomic force and atomizing its European sector, without proposing any political ways for negotiation with the Soviet Union, while the Europeans, called for the slowing down and limiting military reforms as

well as the continuation of talks on disarmament with the Soviet Union.

The closing communiqué announced the result of the discussion to be a compromise including the decision on the adoption of the atomic armament plan and willingness to resume negotiations on disarmament, either within the framework of UNO, or in response to any proposal that would provide for reaching agreement on a supervised reduction of all types of armaments. If the Soviet Union does not accept participation in the new disarmament commission, the Atlantic Pact Council is prepared to negotiate for the termination of the deadlock at a meeting of Foreign Ministers.

Although both the American and European proposals are embodied in the final communiqué, the American side is less pleased than the European. First of all, the disarmament problem was given a more conspicuous place than the armament problem. The Atlantic Pact willingness for negotiation was stressed more strongly than the resolve to pursue the policy of force. This attitude greatly lessens the political effect which was to be achieved by the plan to supply all Pact members with atomic weapons and build installations for their efficacious use. As a result of the decision to conduct disarmament negotiations — as elected by the Soviet Union — within the framework of UNO or outside it, the USA was obliged to relinquish its theory that such negotiations could be conducted only through United Nations organs. The decision to arm the Atlantic allies with atomic weapons and establish atomic bases in Europe, which the USA considered the chief subject of this sitting, did not signify complete adherence to the American proposal — not only because of its nature, but also because its realization was made subject to the agreement of each interested state. This clause introduced an element of uncertainty as to the obligatory character of this decision, in view of the fact that the agreement of each interested party would depend on circumstances, and that some countries have already resolutely dissociated themselves from the plan to set up such bases on their territory. But what was least to the liking of the United States was the reserve with which its extensive military plan was received, suggesting the decline of its influence and prestige in the very organisation where its decisive role was traditional, and which served as the basic position of force in the

policy pursued towards the Soviet Union.

The atomic arming of the European Atlantic Pact members and the problems of disarmament and negotiations with the Soviet Union were the chief care of the December meeting, so that other questions on the agenda were not given proper attention. On these questions, the initiative was left to individual European member-states, and this was certainly one of the causes of the discontent and disappointment expressed by the press of these countries. The included questions in which individual-European question of defining the Atlantic Pact attitude towards North Africa, in which she hoped to obtain her allies' recognition of the priority of her interests; Turkey in the question of a closer linking of the Baghdad Pact with the Atlantic Pact, which Menderes raised on behalf of Moslem members of the Baghdad Pact; Italy in the question of economic aid to the Middle East countries, on which the Italian Government had drawn up a concrete plan. On each of these questions, as well as on some other matters, such as German unification, the Atlantic Council pronounced a general formula which was far from answering the expectation of the interested countries, and which clearly showed a lack of interest on the part of the Atlantic Council — or at least its more important section in making a deeper study of them.

The raising of these questions, however, indicated the existence of a profound conviction among the majority of Atlantic Pact members that it should be a stronger political community, jointly defining its common policy, and solving not only the question of common security, but also questions of international policy in which various Council members are interested. As it was, many Atlantic Pact members left Paris disappointed in their expectations.

In addition to their individual disappointments, they suffered a common one, regarding the suggestion of tightening Atlantic inter-dependence and solidarity by introducing the practice of frequent political consultation, in which all European member-countries were particularly interested. Prior to the December meeting it was considered in European Western bloc circles that the obligatory practice of political consultation in the Atlantic Pact would improve politically, and would constitute the only efficacious base and instrument of Atlantic solidarity. The

need for permanent political consultation was stressed in the speeches of most European representatives. This problem has been on the agenda of Atlantic consultations for the last two years.

This time again however, the principle and its political significance were recognized, but decision and obligation were avoided. Inter-dependence was mentioned in the communiqué, not as a system, but as a factor chiefly in the sphere of economy, to be developed by international cooperation in which of course the interests of interdependence were not the only interests to be observed. Measures intended to limit national sovereignty were suggested only in the field of defence. As regards political consultation, it was decided that the Permanent Council representatives should give „mutual information“ about the individual measure of their Governments, but not about the previous consultations concerning these measures. It was envisaged that the Permanent Council and General Secretary should ensure „efficacious consultation as and when the need should arise“. All this was the outcome of concessions which some great powers, especially the United States — fundamentally disinclined to consent to having her hands tied in political actions — found it necessary to make to their European

partners. But this was considerably below the optimistic expectations of these partners, who desired a little more equality with their great allies in the pursuance of policies which frequently threatened their interests.

The Paris communiqué of the Atlantic Pact Council began with a declaration of the general political attitude and objectives of the Atlantic Community, with which, in a very brief survey, we end this review of the December meeting. This declaration, in addition to other formulae which are unavoidable in such documents, confirmed the Western bloc doctrine on the division of states into „the free world“ and those under the „rule of international communism“, and on the defence of the „free world“ from „international communism“. Of course, it was not to be expected that the bloc appraisal of the international situation would be omitted from such a document, but it is to be deplored that at a time when efforts are being made, both in the East and the West, to lessen international tension, and when such efforts found at least partial expression in this communiqué its authors should insist on the division of the world into ideological blocs, which has proved to be one of primary causes of international dissension and instability of peace in the world.

tical orientation of these two great continents. For the wider world relations, this is a phenomenon of the utmost significance since, in itself, it lends tremendous encouragement to the policy of active co-existence of countries, regardless of differences, races and systems. This is particularly true when one considers the moral-political force yielded by a public representing the larger half of mankind. The Cairo reaffirmation of the Bandung conception is an event of far-reaching moment, whether for the further development of Afro-Asian relations or, and more, as a lesson to countries outside Asia and Africa: a lesson in how to approach the vital problem of relations between peoples and on what bases to seek a way out of the contemporary world crisis.

Second: the authentic representatives of independent Asia and Africa are perfectly conscious of the general danger and of the crucial choice facing mankind: co-operation in peace and mutual tolerance, or the agony of blocs and collective chaos. The public of these, the least developed parts of the world rejects, at the cost of own sacrifices and self-abnegations, every form of a policy of blocs, not only because such a policy would spell the end of Afro-Asian individuality, but because the blocs, by the inner logic of their nature and aims, are pushing the world toward the brink of a new conflagration. It would be an intolerable humiliation for any independent Afro-Asian country to become a follower of either power bloc. The spiritual and moral force of Asia and Africa stands firmly aligned on the side of peace and an extrabloc policy of peaceful co-operation in the spirit of mutual tolerance, understanding and humanism.

Third: once again these two continents have spoken up in the language of their awakened dignity and self-respect. The list of problems upon which depends the consolidation and future of their area puts to the test the conscience of mankind: colonialism still is an ever-present problem in the countries of Asia and Africa, one exacting large sacrifices from their peoples. Imperialist strokes, the stifling of liberating movements, discrimination, economic blockades and pressures of all kinds — such is, not the list of slogans of a political exclusivity, but the elementary life's problem of the Afro-Asian peoples. This, in substance, is the problem of relations

## CONFERENCE OF POSITIVE SOLIDARITY

N. DUBRAVČIĆ

IT IS ALREADY recognized in the world, as an established and positive fact, that the independent countries and movements of Asia and Africa have demonstrated by their political activity up to now — within the bounds of their geographic sphere and also on the international level — both a sufficient degree of maturity and that the world may count on them as very serious partners in all strivings for the cause of peace, progress and international co-operation. Consequently there are few who doubt today that the Cairo Conference of Afro-Asian Solidarity — although, in contrast to the Bandung Conference, it does not constitute an assembly of governmental delegations, but of political leaders and the representatives of public life of the two continents — will connote another major stride in

that direction. For this reason, it may be appraised in advance as a welcome contribution to the constructive efforts in international life, in which the policy of blocs, with its mutual frictions, armaments race and other attendant perils, is creating an atmosphere of mistrust, insecurity and anxiety.

By the very nature of the problems dealt with by it, the Cairo meeting is also highly edifying for the official policy of every country for which the cause of the further development of mankind is a matter of concern. But at the present moment there are certain aspects of the Conference which command special importance and which rate emphasizing now already.

First: the wide and constructive Bandung platform, upon which was born the initiative for this Conference too, has taken firm root in the poli-

between Asia and Africa, on one hand, and the countries of other continents, on the other; the problem whose settlement constitutes today the prime obligation of contemporary political ethics. Perfectly rightfully, the Afro-Asian peoples ask to be independent and respected, to live and create in peace and co-operate with the rest of the world on an equal footing toward safeguarding peaceful development and liquidating injustices and backwardness. Their demand is as human as it

is minimal; it is that the countries of other continents, the great powers primarily, discard the out lived methods of the past and display more selfless understanding for their aspirations and needs, that they extend at least moral support to them in their efforts to realize, with their own forces, their noble aims: economic-social transformation, independence and equality in the international community.

and fears have also been aroused by the danger that the six countries included in the projected Customs Union may raise prohibitive tariffs against the rest of the world, including the remaining countries of the Free Trade area. The session of G.A.T.T. which has just ended ran into heavy weather over this issue, on which it was unable to make any substantial progress; and the whole outlook for the twin projects seems to be highly uncertain. As a Socialist, I do regret this; for I do not want to see Western Europe cutting itself further off from Eastern Europe, and that is what I fear the proposal for so-called European Union is liable to mean in its existing form. Needless to say, I should welcome a project for real unification in Europe as a whole; but that is essentially a different thing from what the West Europeans forments appear to have in mind.

## LETTER FROM ABROAD

# WESTERN SOCIALISTS AND WORLD POLITICS TODAY

G. D. H. COLE

Professor of the Oxford University

**S**OCIALISTS in Western Europe do not, in my experience, share in the mood which appears to have swept over the United States as a reaction to the Russian success in launching the sputniks. They are neither alarmed by the achievement of Russian science nor disposed to get into an hysterical state in consequence of it. In Great Britain, I think most of us are more alarmed by the disclosure that American planes carrying nuclear war-heads are flying over our territory at all hours; for, even if there is no danger of explosion of nuclear bombs upset by accidents in the air, we do not at all know what fumes might be released by such accidents. We are only now beginning to realise the perils involved in the policy of preparedness for instant retaliation: indeed, most people hardly yet realise them at all, or are still disposed to put them out of their minds and to direct their main attention elsewhere, so that those who are unable to do this get a sense of talking to others who refuse to listen or at any rate to take their vaticinations as a serious call to action.

It was much the same with the collapse of the conference on disarmament. The hopes of anything being achieved by it had for the most part died away well before the final breakdown; and for that reason the breakdown attracted little attention. To me it seems clear that the Western powers, in refusing to entertain any simple proposal for limiting the arms

race and in insisting on tying all the issues together, were rendering failure certain, and that the chief share in the blame for the breakdown must rest on them. But on this issue, as on so many others, Western Socialists are sharply divided; and the long, abortive negotiations have done nothing to heal the rift in their ranks, even though they all know by now that war must be avoided at any cost, and that means of peaceful co-existence must somehow be found. Even apart from the danger of actual war, which most people believe to have receded in recent months, the cost of armaments imposes unbearable burdens on the West; and the recent attempts to reduce it in Great Britain offer no prospect of success, for, as fast as a cut in cost is made in one direction, the cost rises in others to a more than equivalent extent. This contributes to the Government's unpopularity; but what the Tories lose the Labour Party does not necessarily gain in view of its ambiguous attitude. In recent by-elections the Tories have lost far more votes than the Labour Party has gained, and there has even been talk of a Liberal revival. But in fact this is small, and not of much significance: what is most marked is a reluctance to vote for any of the three.

There is also much hesitancy about the proposed Free Trade Area in Europe. British insistence on the exclusion of agricultural produce has done much to antagonise continental opinion, especially in Denmark and Holland,

On the unification of Germany I think the prevailing sentiment among Socialists is that nothing can be done for the time being, or without a general relaxation of world tension. I have always held that the only practical basis for German unification is effective neutralisation of an unarmed Germany, and that it is preposterous to propose any terms of unification that would leave it possible for reunited Germany to be a member of N.A.T.O. Re-unification, I feel sure, requires as its first condition the withdrawal of the armies of occupation from both parts of Germany and the guarantee of German neutrality by all the parties concerned; and I am sure that most West European Socialists share this view, and that it is also held by the German Social Democrats. An important first step towards re-unification would be the definitive recognition of the Oder-Neisse Line as permanently settling Germany's eastern frontier; and, if the Western powers withdrew their forces from Germany, it would not, I think, be unreasonable to call for a parallel withdrawal of Soviet forces from Czechoslovakia as well as from Poland. I see, however, no immediate prospect of any such terms being agreed upon; and in these circumstances the partition of Germany seems likely to continue for some time yet, especially as Adenauer has secured a renewal of power in Western Germany. His recent act in breaking off diplomatic relations with Yugoslavia because of the Yugoslav recognition of the East German Republic I regard as wholly indefen-

sible and as again slamming the door on realistic proposals for German unity.

Even, however, if Adenauer were out of the way, German reunification could not be at all an easy matter. The East German Republic, much less populous than its western neighbour, cannot in the last resort expect to be accorded treatment that would place it on an equality with the West or that would guarantee the permanence of its revolution or enable it to retain intact the institutions of a one-party State. The East Germans, if they became a part of a reunited German Reich, would have to submit to the prospect of being outvoted and I cannot imagine them being ready to do this, except under conditions of complete and assured neutralisation — if even so, unless they felt sure that they would be able in course of time to win over a majority of the German people to their side. A country cannot, I think, be at one and the same time capitalist and Socialist in its basic institutions: yet that seems to be what the advocates of reunion have in mind when they urge immediate unification — except, indeed, those who ment not real re-unification, but the simple liquidation of the East German Republic by its absorption into the West German structure. It is, doubtless, easy to understand why every party in Western Germany feels the need to call for the unity of the German people under a common sovereignty; but that is no sufficient reason for the rest of us to pledge ourselves to it except as part of a general settlement that will give us the means of living together in peace.

In short, what is needed is a general relaxation of the present world tension; and of that there is still no sign. Nor is it probable that a summit meeting of the heads of the principal States could at present yield any satisfactory result. China, as well as the Soviet Union would need to be an active partner in any world *détente*; and as long as the Americans persist in neither recognising the Chinese Republic nor allowing it to take its proper place in the united Nations it will be nonsense to pretend that they favour a peaceable settlement of world affairs. One can only hope that, however slowly, the balance of opinion in the United States is shifting towards a more moderate view, and that Mrs. Roosevelt's recent visit to Moscow and meeting with Mr. Krushchev may help in bringing such a change

about. For it remains true, despite the recent cracks in N.A.T.O., that the Americans have the last word in settling the West's attitude and that as long as they remain intransigent nothing really effective can be done. There are at present only two great powers in the world, each with its ring of satellites who, in the last resort, have to do its bidding, even if they kick time and again against the pricks. Even India, in its dire economic need, is finding how difficult it is to sustain the part of an uncommitted power, and in Europe, Yugoslavia is by no means without its difficulties. At this moment, we are all waiting to see whether or not the United States is on the verge of a really serious depression, or rather of one serious enough to enforce depression on the rest of the capitalist world. Nobody, I think, yet knows the answer; but it is plain enough that a serious recession in the United States would result in Western Europe in something a good deal worse in its immediate effects, as well as bringing the development plans of the economically backward countries to absolute ruin by forcing down the prices of the raw materials on which they chiefly depend for their means of buying imports. Already, the prices of raw materials have been tumbling right and left, and American foreign disposals of surplus commodities have been doing serious damage to other producing areas; and if conditions in the United States grew much more unfavourable the first thought of the Americans would be to cut to the bone the aid which still helps to keep a precarious balance in the affairs of the rest of the world outside the Soviet orbit.

I do not profess to know whether Soviet statesmen want this to happen and look forward with pleasurable anticipation to the effects of a collapse of the West European economies. But if they think that such a collapse would clear the road for a Communist victory in Western Europe I feel pretty sure they are wrong. Pro-Communist sentiment in the West has been getting weaker since the events in Hungary last year; and those who left their Communist Parties in connection with these events have so far been unable to act as an effective 'left' leaven in the Labour and Socialist movements of the Western countries. Economic adversity would, no doubt, do something to reinforce the Communist appeal, but not, I feel sure, nearly enough to convert the main body of Western socialists to Communism. Nor,

I think, would Western capitalism finally and utterly collapse, even in face of a really serious American depression. The Americans, with their ambition to defeat Communism throughout the world, could not allow such a collapse to occur, even if they were in serious difficulties themselves. They would come to the rescue, however tardily, both because in doing so they would be helping themselves and because failure to do so would put paid to all their ambitions as the leaders of the capitalist world. If this view is correct, the co-existence of capitalism and Communism and the division of the world between them are likely to continue for some time to come, and the only real question is whether or not co-existence — which after all exists already — will continue along the present lines of mutual recrimination and restraint or will develop into peaceful, if limited, co-operation.

The threatened American recession may, however, still be checked before it goes far enough to have devastating effects on the capitalist economies of Western Europe or on the less developed countries which are still for the most part at a pre-capitalist stage. In that event, what is likely to happen? The prospects are least favourable for the less developed countries; for even a moderate recession has a severe effect on their export prices and is bound to slow down their development programmes and to worsen their conditions of life in view of the rapid growth of population in most of them. As for the advanced countries of Western Europe, the outlook is most unfavourable for the French, as long as they persist in their expensive and futile policy in Algeria, which both costs much more than France can afford and makes nonsense of the French contribution to N.A.T.O., by locking up most of the French forces in North Africa. But it is only less serious for Great Britain, despite the recent recovery of sterling; for the very high bank rate and the credit squeeze between them are already producing a situation that threatens a head-on conflict between the Trade Unions on the one side and the Government and the big employers on the other — and such a conflict, whoever won it, would do great harm to the British economy. This doubtless means that great efforts will be made to avoid it; but the Trade Union whatever their wishes, dare not give way to the Government without a struggle and are aware that,

even if they were beaten for the time being, the effect of their defeat would probably be to drive political opinion towards the left and to ensure the success of the Labour Party in the ensuing General Election — a result that is probable, but not certain, in any case.

In these circumstances, the Tories will probably persist in their present anti-Labour line, both because of the pressure of their more vocal supporters and because there is nothing much else they can do. However, with the leaders on both sides at bottom reluctant for a fight there will most likely be a serious attempt to arrive at a compromise, if anyone can think of a possible way out; and, even if a struggle does develop, it is not very likely to be pushed to extremes on either side. There are certainly no signs at present of any will on the Labour side to intensify the fight against capitalism, or to amend the Labour programme so as to offer an all-out challenge to the continuance of the present dual system. British Labour is still a party of social reform rather than of Socialism outright; and even its left wing has become reconciled to coming back to office on these terms, which would not be much affected even if socialisation were to be pursued rather faster than the leadership shows any sign of a wish to press it in the near future. In effect, the Left in Great Britain is in a considerably disorganised and uncertain position, not knowing at all well what to press for, even in the sphere of international affairs, and having in home affairs no clearly defined position of its own.

I say this as a member of the Left, and not at all in order to compare the British Left with the Left in other parts of Western Europe. For the position of the Left is everywhere difficult and cannot easily be made precise. I myself hold that it is necessary, as an immediate step, to break away from N.A.T.O. and to renounce all alliance with the Americans; to insist on the withdrawal of American forces, and to make, in conjunction with the uncommitted countries, a real attempt to come to terms with the Soviet Union and with China. But I have no hope of an early conversion of the Labour Party, or of the main body of British working-class opinion, to this attitude; and I admit that such a policy would not be at all easy to carry out — though I also believe that, if it were carried out, the Americans would soon

be compelled to modify their anti-Communism and the whole state of world affairs would be changed immensely of the better. For what, in face of it, could the Americans in fact do? They could not maintain their strategy of world encirclement would collapse irretrievably without our collaboration. In practice, however, a British Labour Government would be no more likely than a Tory Government to follow any such line. The most it would be likely to attempt would be to bring about some modification of the American attitude without any real threat to break away from the alliance.

For most British and West European Socialists are still acutely suspicious of Communist intentions and unconvinced that the Russians honestly wish for a *détente* or are prepared to give up their efforts to stir up trouble wherever they can for the „imperialist“ powers, among which they continue to number Great Britain, as well as France and the United States. Convinced though most people by now are that the Russians do not want war (who nowadays does, or can?) they are still unconvinced that the Soviet leaders are prepared for a peaceful co-existence that will allow the West to face its colonial problems in its own way. Yet no less than this is plainly required if a relaxation of the general tension is to be achieved; for it is too much to expect the imperialist powers suddenly to give up behaving in an imperialist way. Such a change of attitude can come only gradually by peaceful means; but I believe it could come quite rapidly if the threat of world war could be removed. For the removal of that threat, accompanied by a general move towards disarmament, would make it much easier for enlightened opinion to express itself on colonial questions, and would greatly strengthen the forces striving to make an end of colonial repression and of race discrimination in colonial areas, as well as set free resources that could be applied to the more rapid economic development of the backward countries. World *détente* implies and includes allowing that it is possible for colonial areas to advance towards self-government and emancipation by other roads, as well as by armed revolution; and it is the denial of that possibility by the Russian Communists that many people feel to stand most formidably in the way of a world *détente* today. This does not mean that I defend in any respect the present attitude of the French in Al-

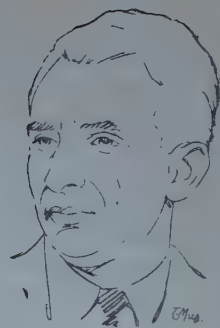
geria, or of the British in Cyprus; but as long as everything else is subordinated to the alleged requirements of the „cold war“ it is very difficult for the friends of colonial freedom to get a proper hearing. Could they do this, set free from the charge of wishing to betray the cause of the „cold war“ I believe they would be able to carry majority opinion with them against the upholders of old-style imperialism. Even in Kenya settled opinion is already beginning to crack; and there are signs even in South Africa that the policy of apartheid is beginning to break down. If a *détente* could be achieved at the cost of a modification of Communist policy in stirring up anti-imperialist troubles, it would be well worth the Russians' while to reconsider their attitude on this question, and to give the „imperialists“ a chance either of mending their ways or of turning opinion in their own countries effectively against them.

This is not, I am well aware, a very hopeful article; for, in truth, I am not very hopeful in the short run. In most matters short of world war, the differences of attitude between most Western Socialists and the Russian Communists are very wide and show no sign of becoming less, despite the indisputable advances towards liberalisation in the Soviet Union; for Socialist opinion in the West remains as unalterably opposed to dictatorship and to the one-party State as the Soviet leaders remain convinced that these are the necessary instruments of the Socialist Revolution, even if they may express themselves in different forms from one country to another. This antagonism is not likely to be overcome: nor need it be, in order that Socialists from both camps may work peacefully together in their several fashions. Coexistence, and possibly co-operation do not imply fusion or the resolving of fundamental disagreements: they involve only that each side shall be ready to trust the other, and that surely is attainable without requiring either side to abandon its principles.

## NEW FORMS OF AMALGAMATION IN YUGOSLAV ECONOMY

Avdo HUMO

State Secretary for Finance



The Yugoslav People's Assembly has recently passed a law on amalgamation in economy. If the content of this law is considered superficially or independently from economic practice and previous legislative activity in the field of economic legislation, one may come to the erroneous conclusion that it deals with a completely new subject. This is not the case however. Although the conception of this law is different some forms of economic amalgamation have already existed. It is true that these forms had an essentially different point of departure and consequently their method of attainment was somewhat different. We may mention first of all the previous law on economic boards and professional associations, whose basic task was the advancement of economy through the amalgamation of producers in their boards and other associations. In addition to these existing forms regulated by the law, our economy began to look for a different way of amalgamation — amalgamation on a business basis — either within the framework of the existing organisation of boards, the boards, on a basis of mutual understanding through forms of co-operation and co-production, and similar relations.

Present economic and social development has shown so far that the forms of amalgamation attained through the system of the organisations of boards and professional associations was inadequate and out-of-date for the development of material processes on a higher level of the growth of material and productive forces. The spontaneous forms deeply rooted in the existing mechanism of boards and professional associations which sought, an new affirmation of their increasing economic development, did not sufficiently manifest their strength, as the whole economic system acted in the opposite direction. It was necessary to strengthen the material basis of economic organisations — the economic system with its mechanism of accumulation and distribution of resources should be so arranged that it offered the possibility of a more independent distribution of revenue, as well as of a wider circulation of the resources of economic organisations. In other words, it was necessary to create such conditions that the resources of an economic organisation should be larger and that the volume of the resource which the economy has at its free disposal should depend upon the economic efforts of every organisation. Having created such a new position the economic organisations can now amalgamate their resources freely for the improvement of production. Thus, besides the previous forms there is a possibility of the introduction and strengthening of new forms outside the framework of boards and professional organisations. This very fact has changed the previous

status of boards and directed them to functions, and consequently to other activities.

Two factors have influenced the development of the new economic system, especially that part of the system which refers to economic organisations. Firstly, our economic growth has reached a higher level in both its production and free consumption distribution potentialities. Secondly, in the system of communal economy and free market where its laws are at work, that is to say, within the limited framework of planned economy, economic development — including in this term the whole mechanism from the organisational problems of production processes to the methods and new organisational forms of production improvement — has become a matter for the whole of society. This does not mean that only the organs of government and representative organs have their tasks for the advancement and improvement of economy, but also the economic organisations, with their organs of social self-government. The directing of functions in economy is not only exercised by the state economic organs, but in the first place by the organs of social self-government. Thus the obligations of responsibility in the material processes and relations created in the development of productive forces are not only derived from the functions of representative organs, but also from the functions of direct producers and the communal community. All these principles of the Yugoslav economic and social system, as well as the principles derived from the concrete conditions which our economy on today's level can provide for its direct producers, result in the fact that the economy in its most successful development and definite framework, depending on a series of concrete and potential sources, can and must include the free distribution of resources, so that it can carry on, without the intervention or interference of other organs, both simple and increased reproduction according to its own decisions, on the principle of the most profitable investments and the best use of the given conditions of the general policy, established by the social plans. The resources of the economic organisations and their free circulation provide substantial sources for the various forms of amalgamation which suit best our economic development.

Amalgamation in economy is not an especially urgent economic question in the case of low production and undeveloped economy. Only when the economy passes from manual production and establishes large economic enterprises where the methods of economising, the organisation of productive processes, and the exchange of products demand a rational distribution of work, specialisation of production, and a higher productivity, as economy faced with problems of amalgamation

and a firmer economic connection different forms of economic and business associations, so that it may overcome the obstacles which an unconnected and disunited economy may meet with in its development.

Thus, in addition to the opportunities created for general economic development in Yugoslavia, which grant economic organisations larger resources for free disposition and determination for the improvement of production and economic development, the very logic of economic development demands that at a certain level of material and productive forces, the economy should be freed from interference and have better opportunities to share profits on the basis of its larger and free resources and the amalgamation of these resources in the way that suits best the conditions of the market and the general economic policy of the community, so that it may attain higher productivity.

In connection with new possibilities of different forms of amalgamation the law starts with two basic forms:

a) forms of amalgamation through boards and professional organisations;

b) forms of amalgamation based on the realisation of common economic achievements.

The first form has been in existence till now. The economic organisations formed different kinds of boards on a voluntary basis according to economic activity and within the board their trade organisations. The aim of this amalgamation was the improvement of production and free relations between united producers, through their common organisations, with the organs of authority because of the co-ordination of productive, planning and general economic tasks. The previous organisation of boards and professional organisations corresponded to the period of economic development. This period saw the strengthening and independence of the worker's councils, decentralisation, the development of the communal system, and the development of free exchange on the market. The boards embodied an organisation of united enterprises which, in addition to the communes, urged the enterprises upon the improvement of economy.

The situation has changed very much today, as there are material conditions for different and effective forms of amalgamation on the business basis. Therefore,

## PERSONALITIES AND POLITICS

### PRACTICAL STEPS

These exists, it may be said, a cycle of intensification and relaxation of tension in international relations — bringing in turn hope and discouragement, and it is undoubtedly the result of the conflict between the bloc imperative and the objective anti-bloc currents in the contemporary world. If we attempted to classify these recurrent periods according to their basic manifestations, we would easily discover that their initiatives, proposals and contacts are characteristic of a situation which promotes the interests of peace and cooperation far better than the absence of such understanding, the latter being a sure sign of a reversal to cold war arithmetic.

The latest USSR initiatives and proposals, a priori constitute a constructive and practical gesture. This conviction is strengthened if one examines the recent Soviet efforts towards improving relations with the West and making a concrete approach to the settlement of major world problems:

1) Nikita Khrushchev, First Secretary of the Communist Party of the Soviet Union and member of the Supreme Soviet, proposed a meeting of the heads of Governments of the East and the West for the purpose of examining outstanding questions in present international relations;

2) Andrej Gromiko, the USSR Foreign Minister, proposed the holding of a special UNO session or disarmament conference;

3) The Supreme Soviet of the USSR adopted a declaration making the following proposals to the West: the USSR, the USA and United Kingdom will undertake not to use atomic and hydrogen bombs; the three Governments agree to suspend nuclear tests as from January 1, 1958; they agree that nuclear armaments shall not be stationed in Eastern and Western Germany and that a zone in Europe shall be formed in which nuclear armaments shall not be stationed. The three powers will agree on a substantial reduction of their armed forces; an agreement on non-aggression will be concluded between

NATO and the Warsaw Pact; an agreement will be reached on non-interference in the affairs of Middle East countries; hostile propaganda will cease and economic, cultural and other relations between East and West widened.

As will be seen, not a single important international problem has been by-passed and no sphere of East-West relations has been neglected. The proposals, which are clearly formulated, were sent by diplomatic channels to the heads of the Western countries. Now it is their turn to speak.

The Soviet Union on its part has opened the door for negotiations. Irrespective of whether the proposals set forth in the Supreme Soviet, taken one by one, are acceptable or unacceptable to the Western powers in a greater or lesser degree, no matter what form of negotiation or contact would best suit the other side and what problem it might single out for priority one thing remains indisputable: the platform is undoubtedly wide enough for any part of it to serve as the basis for a wider exchange of views. It is logical and understandable that the Western countries have a different standpoint on many themes contained in the Soviet proposals. But if there were no divergences, negotiations would be unnecessary, as identical views are never the subject of negotiations. Precisely for this reason the world public rightly expects the Western powers to pass over that section of the road which leads from ideas and initiatives to solutions and agreements. Those who give the old name of propaganda to the latest Soviet proposals should understand that proposals and initiative are most frequently propaganda when they are unacceptable; but when they are not unacceptable their actual value cannot be established until they are accepted as the introduction to negotiations. This time many people in the West agree that the Soviet proposals are not unacceptable; hence it is natural to come to the conclusion that it would not be wise to miss an opportunity which might promote world peace.

the tasks of the boards and the forms of their activity were compelled to undergo some changes. All this demanded new basic tasks and problems. For these reasons the boards have assumed a new character. They are now, first of all, social organisations, although they also have the character of organisations from the previous system — organisations of producers. This is a qualitative change in comparison with the conditions when the boards were exclusively organisations of producers. Economic amalgamation as an essential form of association in economy is developed now on the basis of the voluntary amalgamation of economic organisations. This is a new form which is of decisive significance in the future period of development. And the boards have assumed general social function because of the new position of the economic organisations.

The social community has entrusted and will continue to entrust the boards with definite social tasks. Within the framework of the boards the special interests of enterprises should harmonize with the interests of the community; and the interests of society in the improvement of production and the interests of producers are at one. The society transfers to the boards all the affairs from the competence of the state organs which, in the development of the social and economic system, lose their administrative character, and take on a social character. The social character of the boards has given rise to some new principles in its organisation. Instead of the previous principle of voluntary amalgamation there is that of obligatory membership. The social community establishes the forms of organisation as obligatory membership of all economic organisations, for it is the only way for all economic organisations to assume responsibility for the accomplishment of the tasks which the community has transferred to the boards. Within this framework freedom of activity has been left to the membership of the boards. Thus, the social function of the boards lays down obligatory membership within them. Owing to this the structure of membership has also been changed. In addition to the representatives of economic organisations, the appointed representatives of the social community take part in the management of the boards. The representatives of the producers' councils of the executive councils of the people's committees in districts, as well as the designated social organisations and institutions, will also participate in the organs of the boards. The number of community representatives must not exceed one fourth. This relation is not even essential if it is considered from a general point of view. More significant is the principle of common and equal co-ordination between the representatives of the direct producers and the representatives of the community, because the wider influence of the community discourages the appearance of local class tendencies. This collective co-ordination of boards will make of them a more effective and expedient organism of the community. They will certainly achieve better results in their principal task: to continue to bring into harmony the production processes and the advancement of production through various forms and systems of organisation.

We have already mentioned that the new economic system with its principle of the distribution of resources has created conditions of business amalgamation in economy. Although there had been attempts before the enactment of the law and on the basis of even more insufficient resources and rights in the disposal of basic

and convertible resource to amalgamate enterprises, it was only a beginning, which could not give a wider view of all the results which might be achieved by such of amalgamation. It is an indisputable fact that this kind of amalgamation, in which the united enterprises can incorporate their basic and convertible funds, amortisation means and reserve funds, will afford favourable conditions for the common advancement various branches, enterprises and group of enterprises, as well as the establishment of new common enterprises, service plants and common sources of raw material. On this basis of amalgamation the enterprises will better aid the achievement of tasks laid down by the Social Plan. Besides this, enterprises united on a business basis will realise a higher profit of invested funds and a more developed utilisation of the existing ones, because the process of surmounting of elements such as the manual organisation of production and the manual psychology of the workers in production will come about through these forms more quickly than it has so far.

Now the question arises whether such forms of economic amalgamation may endanger the independence of economic enterprises, and the rights of direct producers. The law does not allow of this. The law lays down that the worker's councils should be in future the centre of economic initiative, and their basic rights cannot be decreased. Obviously, some difficulties will appear in the process of amalgamation, as the business associations will take over the initiative in many matters, and the worker's councils will relinquish some of their rights, to facilitate the accomplishment of tasks which are important for all associated enterprises.

In connection with this it is necessary to emphasise the following. Today the process of business amalgamation is being carried out in our country in conditions of firm self-government while social and workers' self-government has been affirmed as a basic factor in our socialist process because of its powerful influence on the conscience of the working class. Therefore higher forms of amalgamation are possible without the basis of the workers' councils to improve the production of their enterprises and organise it on a higher level, so that conditions for a higher productivity and resources of their enterprise may be attained.

The law provide for the possibility of enterprises being associated in productive and technical co-operation, the common production of certain products, the harmonizing of production processes, assortments and quality, the common purchase of licences and their utilisation, the common carrying out of investigations and construction work, and the common organisation of new enterprises and accessory plants. The amalgamation will also have definite commercial aims, such as the common purchase of raw material, the common sale of goods, the common carrying out of export and import, etc.

The law prescribes when amalgamation is not permitted. It is not possible to organise business associations which are contrary to the principles of a uniform economic domain and the planned management of economy and the economic system. In all other cases amalgamation is free.

Cases of misconception of the character of business amalgamation are possible, especially at the beginning. An intention of local interference in the amalga-

amalgamation process may appear, but such excesses may have a transitory action, for amalgamation is an economic and social necessity which will reject any conscious interference with its natural course.

The position of the commune in this process has not been changed as far as its legal rights towards the enterprise are concerned. In fact, its position has only been changed in as far as, by the amalgamation carried on on the basis of the decision of organs of workers'

self-government, conditions are created for wider material position of the commune. The higher productivity of an enterprise, the higher its total production, the personal earnings of the employed workers and consequently the resources of the commune.

These are the basic characteristics of the new system of amalgamation. On the basis of this system new blood will stream through our economic life and bring new and important achievements in economy.

## COMMENTS

# A SUCCESSFUL YEAR

Kiro GLIGOROV

Secretary for General Economic Problems in the Federal  
Executive Council

THE YEAR 1957 which is now drawing to a close will remain, in many respects, one of the most successful years since the war. First of all, the rise in the national income has surpassed all expectations, for not even the boldest planners had anticipated that this year would see its 22% increase. The first year of the Five-Year Plan has successfully marked the beginning of the implementation of its fundamental assignments. Here are some informative statistics on the increase of production: industrial production increased by 16% in volume compared with last year, agriculture by 34% and building by 16%, and the other economic activities, to a greater or lesser extent, followed the general increase of production. The most significant result in increase of production was the rapid ascent in agriculture, which achieved production in grains such as has not been recorded either before or after the war. While the increase of national income ensued primarily from the rise in industry, this is the first year in which this increase was the result of a rise in all economic fields, and exceptionally high production in agriculture in particular. This year, therefore, is not only characterised by increased national income, but is the result, to a major extent, of the favourable development of agriculture, whose under-production has been for some years one of the basic disproportions of economic development.

It is reasonable to ask how this rise in production can be explained.

First of all, one must bear in mind that the many years of investment, which constituted a heavy burden on the economy, have yielded results this year, and will continue to do so in the coming years. Changes in the economic policy made possible greater investments in agriculture, the processing industry and other formerly neglected activities, in which funds invested brought results in a short period. Major funds of the economic organisation and communes aided the reconstruction and expansion of enterprises, which also meant increased production in a shorter period. In a word, the policy of more planned and proportional development ensured a better coordinated and quicker production.

Another question is how the rise in agricultural production can be explained. Was it merely owing to exceptionally favourable weather conditions and incidental occurrences which have no effect on the future development of economy? Though there is no doubt that the weather conditions partly

contributed to this rise one need have no hesitate in saying that a turning point has been reached in our agricultural production. This improvement had already been apparent for two years and this year was even more obviously manifested. It is no accidental, but rather the consequence of measures which have been in progress for some time and which have been intensified this year and applied with much more concentrated in various branches. The agricultural producer now has confidence, both in the aim of the economic policy, which favours agriculture, and in the concrete measures taken, which have clearly shown the advantages of modern farming methods. If the producer wants to increase his yield and as the general economic situation enables him to do so, the next step is to give him the necessary funds and aid, to tap at least a part of the rich potentialities of the Yugoslav type of agriculture. And he will not be disappointed with the results. In recent years such funds have been granted increasingly at a rate which is constantly rising. While in 1952 less than 300,000 tons of artificial fertilizer were used, 960,000 tons were used this year over 6,000 tractors were in use, while this year their number rose to over 20,000. Total investments will be increased by 60% in the coming year, while they were 40% more this year than last year, etc. As the disparity between the industrial and agricultural prices inherited from the administrative period are systematically removed, all the basic conditions will be secured for stepping-up the advancement of agriculture.

This policy showed results which were up to schedule both in increase of production and in the general progress of agriculture. This should be further enhanced by planned measures and allotment of funds, and no effort should be spared to transform this most backward part of the economy, for its transformation will do away with the causes of delay in the general development of the economy.

This years economic expansion is partly the result of the national income helped to increase investments, the personal consumption of the population, and other consumption. The major increase of personal consumption should be specially noted, for it is reckoned that real consumption per capita is 11% greater this year than last year. This is a very important achievement when one remembers the slow

rise in the standard of living in the previous years, and its stagnation in consequence of the rapid accumulation demanded by the needs of accelerated industrialisation. The increase in production has now made it possible for more to be done in this direction than formerly, and has proved to be a justified action. This year, the increase in productivity of labour has been greater than ever at any time during the last five years, and is probably closely connected with the rise in the living standard of the workers.

Increased production has also helped to improve foreign trade exchange, especially exports, which have recorded a rapid rise in the last two years, the fact that industrial exports are taking an increasing share in the total exports being of special importance, and exports are being sent out at a much faster rate than anticipated by the Five-Year Plan.

These factors are typical of this year's economic development. There are, however, shortcomings which ought to be openly faced and discussed, precisely because our economy, with this rate of increase and possibility for further development, can surmount these weaknesses, and the sooner it recognises them and takes the necessary steps to eliminate them the better.

When speaking of these weaknesses, it should be noted that efforts should first of all be made to equalise the balance of payment; and this is one of the fundamental tasks of our policy in the current Five-Year Plan. This year it was not possible to decrease the deficit in the balance of payment despite the generally favourable development of the economy. The reason for this may be found in the substantial rise in internal consumption — personal consumption in particular, and in the normalising of supplies for production, which has meant increased imports of reproduction material from abroad. Besides this, it must be remembered that it will be possible to export the surpluses from the increased agricultural production only in the coming year (maize, tobacco, etc.).

Increased home consumption also contains certain drawbacks, not only in respect of the pressure it exerts on the home market by taking away certain export surpluses, but also in the sense that it is growing at a quicker rate than envisaged by the Five-Year Plan. This includes budgeted and other non-productive expenditures (non-economic investments). It is true, this year saw such a rise in the national income that this high domestic consumption, and even the non-productive expenditures, were covered without jeopardising the rate of accumulation, but, it is evident that the coming years should witness a slower rise in expenditure for non-productive services. This would guarantee a quicker increase in personal consumption and ensure the necessary rate of accumulation for the further development of the productive forces.

The accelerated development of economy, especially of agriculture, makes increasing demands on distribution and transport, and investments in this respect have been inadequate in previous years. The influx of goods and the increased purchasing power of the population have revealed backwardness in these branches of economy which were notable to meet effectively their new tasks. The goods transportation service encountered great difficulties in handling the increased volume of goods, while the distributors, inadequately prepared and equipped for these tasks, could not meet requirements, especially in the retailing of agricultural products. The necessary conclusions must also be drawn from this both in regard to further investments and in order to undertake measures for the opening of major trading enterprises, with modern equipment for transporting surpluses from one end of the country to the other. This is one of the essential tasks for ensuring the further development of the entire economy.

The analysis of these weaknesses also indicates other basic tasks for next year. The necessary pre-requisites exist for a substantial decrease of the current deficit in the balance of payment

through a further increase of exports and an appropriate control of imports. In order that this task may be successfully carried out is essential to select for home consumption, articles according to priority, while other goods will not be further increased unless the national income grows faster than envisaged under the Plan. The Social Plan for next year has made such a selection for personal consumption, foreseeing a real increase by about 8% in comparison with this year's level. All other consumption, the budget, and investments from home funds, must remain on this year's level. Investments will actually be greater than this year's, but through the use of foreign loans and reparations. This orientation in meeting various aspects of home consumption and the coming year as well, will help the further improvement of the living standard. The increase of personal consumption is faster than foreseen by the Five-Year Plan because the increase of national income is also greater than planned. Consequently there is a chance that the policy of raising the standard will be realised more rapidly. This should have favourable repercussions on the productivity of labour and a stimulus to the entire economy.

In 1958 agriculture must again be the focus of attention for it requires further intensified efforts for its development. The improvement in agriculture ought to be encouraged in every way, so that in a few years one of the greatest shortcomings in our economy, especially in our balance of payment, may be finally eliminated. The unfavourable balance of payment is due to insufficient support from agricultural production, and grains in particular. By changing this, sound foundations will be laid for the socialist transformation of this branch of economy on the basis of larger homesteads and developed cooperative organisations.

The coming year will see the implementation of the new system of distribution of the incomes of economic organisations. This system has been favourably assessed by our entire public opinion and has been welcomed especially by a multitude of producers. It suits the wishes expressed at the Congress of Workers Councils, held this year, which summed up experiences of socialist economic organisations.

All this requires exceptional economic and political activity so that results may be attained as soon as possible and be directly reflected in an increase of production and productivity of labour. In the coming period this united process, together with the expanding of social relations on the basis of workers' self-management and the communal system, will find its real basis in the increased productive forces and in the increased rights of the direct producers.

## DOCUMENTS

### VISIT OF DELEGATION OF COMMUNIST PARTY OF ALGERIA

A communiqué was issued on December 14 on the stay of the delegation of the Communist Party of Algeria in Yugoslavia. The communiqué reads as follows:

DELEGATION of the Communist Party of Algeria sojourned in Yugoslavia from December 8—14.

The delegation of the CP of Algeria consisted of comrades Larbi Buhali First Secretary of the Communist Party of Algeria and Rashid Dalibey member of the Politbureau of the Central Committee of the CP of Algeria.

During its visit the delegation of the Communist Party of Algeria had several talks with the leaders of the League of Communists of Yugoslavia. Apart from this, the delegation visited the Provincial Committee of the League of Communists of Serbia for Vojvodina.

The delegation of the Communist Party of Algeria acquainted the representatives of the League of Communists of Yugoslavia with some problems of the struggle of the Algerian people. The representatives of the League of Communists of Yugoslavia once again expressed the sympathies and support of the Yugoslav peoples towards the struggle of the Algerian people for national liberation, to which the communists of Algeria are also giving their contribution by fighting on the side of the National Liberation Front, the leader of the struggle of the Algerian people.

The representatives of the League of Communists of Yugoslavia acquainted the delegation of the Communist Party of Algeria with the development of Yugoslavia and the problems of socialist development.

Views were also exchanged on some current problems of the international labour movement during the talks which took place in a friendly atmosphere.

## ENCOUNTERS AND TALKS

**THE YEMEN CROWN PRINCE IN YUGOSLAVIA.** Prince Seif el Islam Mohammed el Badr, Crown Prince of Yemen paid an official visit to Yugoslavia from December 23 to December 29. Prince el Badr is the Yemenite Vice-Premier, minister of Foreign Affairs and Minister of Defence. During his stay in this country, in addition to Belgrade and the neighbourhood, he visited the People's Republics of Bosnia and Hercegovina, and Slovenia.

**HIGH COMMISSIONER FOR REFUGEES IN YUGOSLAVIA.** Dr August Lindt, the UN High Commissioner for Refugees, stayed in Yugoslavia from December 18 to December 22. He had talks with Svetislav Stefanović, State Secretary for Internal Affairs and representatives of the Yugoslav Red Cross, on the problem of Hungarian refugees. He also spoke with Dr Mladen Iveković, State Under-Secretary for Foreign Affairs. Dr Lindt visited Hungarian refugee centres at Ečka and Gerovo.

**VISIT OF ALGERIAN COMMUNIST PARTY DELEGATION.** A delegation of the Communist Party of Algeria paid a visit to this country from December 8 to December 14. It was led by Labri Bouhali, first secretary of the Communist Party of Algeria, and Rachid Dalibey, member of the Political Bureau of the Central Committee of the Communist Party of Algeria. The delegation had several talks with leaders of the League of Communists of Yugoslavia and acquainted themselves with Yugoslavia's development and the problems of the building of socialism.

**MEETING WITH INTERNATIONAL BANK REPRESENTATIVES.** Svetozar Vukmanović, Vice-president of the Federal Executive Council, on December 11 received members of the mission of the Washington „International Bank for Reconstruction and Development“. The delegation, which spent several days in this country, consisted of Dr Andrew Comark and Mr Victor Wooters.

## SOCIALIST ALLIANCE

**DELEGATION TO CONFERENCE OF ASIAN-AFRICAN SOLIDARITY.** The Conference of Asian-African Solidarity, held in Cairo from December 26 to January 1, was attended by a delegation of the Socialist Alliance of the Working People of Yugoslavia, in the capacity of observer. The delegation included Lazar Mojsov, member of the Federal Committee of the Socialist Alliance of the Working People of Yugoslavia; Krsto Bulajić, editor-in-chief of KOMUNIST and Dušan Vejnović, associate of the Socialist Alliance Commission for International Relations.

## CULTURAL AND SCIENTIFIC INSTITUTIONS

**VISIT TO EGYPT.** After a five-week tour of Ethiopia and the Sudan, Dr Andrija Štampar, president of the Yugoslav Academy of Science and Art and former president of the World Health Organization, visited Egypt. At the end of his trip, on December 21, he called on Dr Nouredin Taraf, Egyptian Minister of Public Health.

**PREPARATIONS FOR SLAVONIC CONGRESS.** A meeting of the International Committee of Slavonic Scholars will be held in Warsaw in January, to discuss preparations for the International Slavonic Congress, announced for September 1958. At the Warsaw meeting Yugoslav Slavonic scholars will be represented by Dr Aleksandar Belić, president of the Serbian Academy of Science.

**GUEST OF SOVIET MINISTRY OF CULTURE.** Stojan Čelić, secretary of the Yugoslav Artists Federation, left for Moscow on December 12 at the invitation of the Soviet Ministry of Culture, for a week's visit to the Soviet capital. He was invited to see the Federal Exhibition of Graphic Art and Sculpture organized in Moscow in connection with the celebration of the fortieth anniversary of the October Revolution.

**YUGOSLAV FRESCOS AT CHANTHINIKETAN.** An exhibition of Yugoslav medieval frescoes was on view from December 18 till December 25 in the Tagore University at Chanthiniketan, near Calcutta.

**TWENTY YUGOSLAV FOLKLORE PERFORMANCES.** The „Lado“ Croatian ensemble of national songs and dances left on December 31st for a fifteen-day tour of Egypt. The ensemble will give twenty concerts in Cairo, Alexandria and other large cities.

## FEDERATION OF TRADE UNIONS

**TALK WITH HUNGARIAN TRADE UNION OFFICIALS.** Djuro Salaj, president of the Central Council of the Federation of Yugoslav Trade Unions, who on his return from China spent several days in Hungary, had conversations with Hungarian trade union officials on December 11.

**AT CONGRESS IN WESTERN GERMANY.** A representative of the Yugoslav association of technical school teachers attended the International Vocational Pedagogic Congress, which was held in Sonnenberg, Western Germany, from December 11 to December 18.

**REPRESENTATIVE OF YUGOSLAV EDUCATIONISTS AT CONGRESS IN BUDAPEST.** Božidarka Damjanović, member of the Secretariat of the Central Committee of the Association of Teachers, Lecturers and Professors of Yugoslavia, attended the Congress of Free Trade Unions of Hungarian Educational Workers held in Budapest on December 20 and 21.

#### YOUTH ORGANIZATIONS

**VISIT TO RUMANIA.** A group of Yugoslav youth leaders left for Rumania on December 21. In the course of a ten-day stay they acquainted themselves with the work of the Rumanian youth organizations in the village.

**GUEST FROM JAPAN.** Ishigo Svetsugu, chairman of the Young Men's Association for the Rehabilitation of Japan, stayed in Belgrade in mid-December. He had useful and informative conversations with representatives of the Central Committee of the People's Youth Organization of Yugoslavia.

**YUGOSLAV STUDENT REPRESENTATIVE IN POLAND.** The Congress of Polish Students, held in Warsaw from December 19 to December 22, was attended by a representative of the Yugoslav Students' Union.

**CONNECTIONS WITH KOMSOMOL.** A group of pioneer (children's organization) leaders of the Soviet youth organization Komsomol, stayed in Belgrade from December 18 till the end of the month. The Soviet youth representatives, during their stay in Yugoslavia, learnt about the work of the pioneer organizations as well as the activities of various social institutions and child and youth welfare associations. — Informative talks were conducted in the Central Committee of the People's Youth Organization of Yugoslavia from December 21 to December 25 on the possibility of the exchange of youth groups during the summer holidays.

#### OTHER CONTACTS

**PROMINENT GUEST** Mr Cutis Campaign, secretary general of the World Veterans Federation, in mid-December visited the Yugoslav Veteran and War Disabled Federations. As guest of the Yugoslav Ex-servicemen's organizations he spent several days in this country and had talks with the leading officials of these organizations. Mr Campaign was also received by Aleksandar Ranković Vice-president of the Federal Executive Council.

**AGRICULTURISTS' VISIT TO UNITED STATES.** We learn that a group of Yugoslav agriculturists will leave early in January for the USA, where they will study agricultural problems in America during six-months' specialization.

#### NEGOTIATIONS AND AGREEMENTS

**DANUBE CONFERENCE.** A conference of representatives of Danube riparian countries — Czechoslovakia, USSR, Bulgaria, Hungary, Rumania and Yugoslavia was held in Bratislava towards the end of December. The purpose of the conference was to establish cooperation in the settling of the economic and technical problems which arise in connection with goods transport on the Danube.

**YUGOSLAV-ISRAELI COMMERCIAL EXCHANGES.** After a fortnight's study of the results of exchanges made hitherto, the Yugoslav-Israeli mixed commission for goods exchange terminated its work on December 21. The commission paid special attention to additions and changes in the pattern of trade between the two countries.

**SCIENTIFIC AND TECHNICAL COOPERATION WITH USSR.** The Yugoslav-Soviet mixed commission for scientific and technical cooperation opened its session in Belgrade on December 20. At the same time talks were conducted in Moscow on the plan of cultural cooperation between the two countries for 1958.

**CULTURAL CONVENTION WITH RUMANIA.** A convention on cultural cooperation between Yugoslavia and Rumania for 1958 was signed in Bucharest on December 21. Expansion of cooperation between Yugoslav and Rumanian Academies of Science and Universities is envisaged, as well as the exchange of lecturers, scientific publications and scholarships for specialization courses.

#### CHRONOLOGY OF POLITICAL EVENTS

**December 17** — A two-day consultation was begun in the Central Council of Trade Unions on the current tasks of trade unions, issuing from the Long-term Plan of Economic Development of Yugoslavia, the Law on Distribution of Overall Income of Economic Organizations, the Law on Labour Relations, the Law on Public Employees and the Law on Pension Insurance. Reports were submitted by Norbert Veber, Marijan Vivoda and Ljuba Mijatović, while Mijalko Todorović and Veljko Zekovič, members of the Federal Executive Council, took part in the discussion.

**December 17** — After talks between USA representatives and the Yugoslav Government in connection with American military aid to the latter, the two Governments agreed that this aid should be terminated.

**December 19** — The last sitting of the Federal People's Assembly of the present convention began on this day. Avdo Humo, member of the Federal Executive Council, submitted a report on the bill on association in economy, while Marijan Cvetković, Secretary for Industry in the Federal Executive Council, gave an explanation of the bill on electroeconomic organizations.

**December 20** — The Federal Executive Council adopted the bill for Economic Development in 1958, after hearing a report by Mijalko Todorović, member of the Federal Executive Council. A report on personal consumption and trade was submitted by Marijan Breclj, member of the Federal Executive Council.

**December 21** — The Federal People's Assembly adopted the budget for 1958, after hearing a report by Avdo Humo, State Secretary, for Finance. The Assembly also heard a report by Ivan Gošnjak, State Secretary for National Defence, on the preliminary estimate for expenditure of the State Secretariat for National Defence for 1958. After a speech by Petar Stambolić, president of the Federal People's Assembly, Parliament was prorogued.

December 15 — The Yugoslav Government consented to the appointment of Mr Karl Rankin as the new US Ambassador in Belgrade.

December 17 — By decree of the President of the Republic, Vladimir Popović has been appointed Yugoslav Ambassador Extraordinary and Plenipotentiary in the Democratic Republic of Vietnam, with permanent seat in Peking.

December 17 — By decree of the President of the Republic, Lazar Latinović, hitherto Minister, has been appointed Yugoslav Ambassador Extraordinary and Plenipotentiary in Japan.

December 18 — Jakša Petrić, departmental chief in the State Secretariat for Foreign Affairs, has been appointed new head of the department for Press and Information of the Secretariat for Foreign Affairs.

December 18 — Franc Kos, Ambassador in Berne, has been appointed permanent representative in the International Agency for Atomic Energy in Vienna.

### OUR NEW CONTRIBUTORS

**AVDO HUMO:** member of the Federal Executive Council, State Secretary of Finance. Formerly president of the Executive Council of Bosnia and Herzegovina. People's deputy, member of the Central Committee of the League of Communists of Yugoslavia, and of the Federal Committee of the Socialist Alliance of the Working People of Yugoslavia.

**VLAJKO BEGOVIĆ:** director of the Institute of Social Sciences, and People's deputy. After the war held high posts in the state administration, and was director of „Ekonomika Politika“, „Borba“ and the Institute for International Politics and Economy. Member of the Central Committee of the League of Communists of Yugoslavia. Publicist.

**FRITZ BADE:** professor and doctor of political sciences. Director of the Institute for World Economy at Kiel University. Has published a series of studies on various problems of world economy.

**NAJDAN PAŠIĆ:** editor of „Naša stvarnost“. Took doctor's degree at the Faculty of Law in Belgrade. Formerly editor-in-chief of „Mladi Borac“ and „Nedeljane Informativne Novine“, and president of the Serbian Journalists' Association. Held a diplomatic Post in London from 1953 to 1956.

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